18-639

# TRANSCRIPT OF RECORD.

## SUPREME COURT OF THE UNITED STATES.

No. 290.

THE GROVER AND BAKER SEWING-MACHINE COMPANY, PLAINTIFF IN ERROR,

vs.

THE FLORENCE SEWING-MACHINE COMPANY.

IN ERROR TO THE SUPREME JUDICIAL COURT OF THE STATE OF MASSACHUSETTS.

FILED NOVEMBER 29, 1872.

Oct. 2, 1873

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1 COMMONWEALTH OF MASSACHUSETTS,

*Suffolk, ss:*

And now the judges of the supreme judicial court of said Commonwealth make return of this writ by annexing hereto and sending herewith, under the seal of the said court, as within commanded, a true and attested copy of the record and process in the suit within mentioned, and of all papers and exhibits filed therein, and of all proceedings therein.

In testimony whereof I, George C. Wilde, clerk of the said court, within and for said county of Suffolk, have hereunto set my hand and the seal of said court, this fourteenth day of November, in the year of our Lord eighteen hundred and seventy-two.

[SEAL.] GEO. C. WILDE, *Clerk.*

2 To the Hon. Nathan Clifford, one of the justices of the Supreme Court of the United States:

Your petitioner, the Grover & Baker Sewing Machine Company, a corporation created by the laws of the State of Massachusetts, and doing business therein, respectfully represents that, on the 30th day of December, A. D. 1869, the Florence Sewing-Machine Company, a corporation also created by the laws of said State, filed a bill of complaint in the U. S. circuit court for the southern district of New York, against the Singer Manufacturing Company, a corporation created by the laws of the State of New York, wherein the said Florence S. M. Co. set forth that it had received a joint license from said Singer Manf. Co., your petitioner, & the Wheeler & Wilson Manufacturing Company, a corporation created by the laws of the State of Connecticut, whereby the said joint licensees had licensed the said Florence S. M. Co. to use certain patented improvements therein set forth, so long as the said licensee should continue to pay to or for the benefit of said licensors, the license fee of five dollars for every machine manufactured and sold in this country by said license, with an agreement that if said licensors should thereafter grant a license for a similar machine, using a drop-feed, for a less sum or rate, the said Florence S. M. Co. should have a corresponding reduction; & wherein it was also stipulated that if said licensee should fail to comply with the terms of said license, the licensors at their option might give said licensee thirty days' notice of their intention to revoke said license;

3 & in said bill it was further alleged that, by means of a license which had been granted to one Davis Manufacturing Company by said licensors, the license fee of said Florence S. M. Co. had been reduced from five dollars to forty cents per machine, but that said licensors claimed of said Florence S. M. Co. the full license fee of five dollars, & threatened and intended to give notice of their intention to revoke & cancel said license because said Florence S. M. Co. had declined to pay said license fee; & the said company prayed in its bill that the said Singer Man'f Co. might be enjoined from giving or uniting in any notice of an intention to revoke or cancel said license, & also from attempting to collect any license fees of the complainant under said license; and the said company did offer in its bill to pay into said court the full license fee of five dollars for each machine manufactured by it & sold in this county during the pendency of said suit; the said sums to be held by said court or its receiver, & subject to its order, & to await the final decree in said suit.

And your petitioner further shows that, upon the day of the filing of said bill, viz., Dec'r 30, 1869, the said Florence S. M. Co. gave notice to

the said Singer Man'f Co. of a motion to be heard in said court for an injunction according to the prayer of said bill, on the tenth day of January, A. D. 1870; that on said day said motion was heard, & upon the offer of the complainant as aforesaid, said court ordered that an injunction should issue against said Singer Man'f Co., on the condition that the said Florence S. M. Co. should pay into & deposit with the clerk of said court the full license fee of $5 for every machine manufactured by them, as aforesaid, said fund to be subject to the order of said court;

4 that the said Florence S. M. Co. did thereafter pay into said court such license fees in pursuance of said offer and order, and an injunction did issue accordingly; that said cause subsequently proceeded to a hearing, when an opinion was delivered by said court to the effect that the complainant was not entitled to maintain its bill for want of equity and for want of necessary parties; that thereupon both parties applied for said fund; that after a hearing said court denied the application of both parties; but they decided that said fund had been paid in, under the order of said court, as an indemnity for the benefit of all three of said co-licensors, inasmuch as the injunction granted by said court, although nominally directed only against said Singer Company, in effect operated against said Singer & Grover & Baker S. M. Companies, also against said Wheeler M'f Co.; that said Singer M'f Co. had an equitable lien on or claim to the same in behalf of all said co-licensors, which said court was bound to protect, and that it should hold said fund until it was determined whether said licensors were entitled to their full license fee, & should dispose of the fund accordingly; that thereupon the said Grover & Baker S. M. Co. & the Wheeler & Wilson Man'f Co., for the sole purpose of enabling the Singer M'f Co. to bring the cross-bill hereinafter referred to, executed & delivered to said Singer M'f Co. an assignment of any right, title, & interest they had in & to said fund; & thereupon the said Singer Man'f Co. brought their cross-bill in said suit against said Florence S. M. Co. in said U. S. court, setting forth said assignments, & setting forth that they were legally & equitably entitled to said fund, and praying that it might be paid to them, which cross-bill is now pending in said court.

5 Your petitioner further represents that, on the 5th day of January, A. D. 1870, the said Florence S. M. Co. filed their bill against your petitioner in the supreme judicial court for the county of Suffolk, Massachusetts, containing averments similar to those in its bill, against said Singer M'f Co., except that in the bill against your petitioner it was set forth that said Florence S. M. Co. had already brought their bill against said Singer M'f Co. in said U. S. court, & had therein offered to pay into said court the full license fee as aforesaid; that upon the filing of said bill an ex-parte injunction was issued against your petitioners restraining it among other things from attempting to collect any license fees of said Florence S. M. Co. until the further order of said court; but that the issuing of said injunction was wholly unknown to your petitioners and said co-licensors until more than a year subsequently, & was not known, nor brought to the notice of said U. S. circuit court; that after the execution of the assignment, by your petitioner, of its interest in said fund to the said Singer Man'f Co., namely, on January 27, A. D. 1872, the said Florence S. M. Co. filed their petition against your petitioner in said supreme judicial court, setting forth said assignment, & claiming that it was a violation of the injunction granted by that court, as being an attempt to collect license fees by said Grover & Baker S. M. Co., & praying that this petitioner might be proceeded against for a contempt; that said court ordered your petitioner to appear &

show cause why said petition should not be granted; that your petitioner duly appeared and claimed and contended in that court,
6 that, inasmuch as the fund to which said assignment related was within the exclusive custody & control of said U. S. circuit court, and had been paid into said court by said Florence S. M. Co. in a suit instituted therein prior to the institution of its suit against your petitioner in the supreme J. court of Massachusetts, & upon its own offer, & in pursuance of the order of said Federal court; and inasmuch as said Federal court had already adjudged & determined that said fund was originally paid in for the benefit of your petitioner as one of said co-licensors, & that said court was bound to hold said fund & to distribute it among and for the benefit of all of said co-licensors, if it should be made to appear to said court that they were entitled to the same; that said Federal court had both prior and exclusive jurisdiction of the subject-matter of said fund, and that no injunction issued by the court of the State of Massachusetts, in a suit instituted subsequently to said suit in the Federal court, could lawfully interfere with the jurisdiction of said Federal court, or prevent it from distributing said fund to the very party for whose indemnity, as already decided by said Federal court, said fund had been paid into said court. And your petitioner further claimed that, inasmuch as the said Florence Company had obtained from said Federal court, and had enjoyed the benefit of the injunction aforesaid, of said Federal court, upon the offer and order to pay into said court the said fund for the benefit of your petitioner & its co-licensors, that the claim of the Florence S. M. Co. that the said Grover & Baker S. M. Co., &, by consequence, its co-licensors also, including
7 said Singer Manufacturing Company, were all the while lawfully prohibited by the ex-parte injunction obtained from said State court from receiving, applying for, or deriving any benefit from said fund, so paid into said Federal court for their professed benefit and indemnity, was a fraud upon said Federal court & subversive of its jurisdiction & authority; but said supreme judicial court, being the highest court of law or equity of the said State, in which a decision could be had in said suit, decided that said assignment was lawfully prohibited by the injunction of that court, and rendered a final judgment therein against your petitioner, that it was in contempt by reason of said assignment, namely, on the ninth day April, A. D. 1872. All of which appears by the records of said supreme judicial court hereto annexed and made a part of this petition.

And your petitioner says that, in the trial of said case, there was drawn in question the validity of a statute of, or an authority exercised under, the United States, and the decision was against their validity; and a manifest error hath happened, to the great damage of your petitioner.

Wherefore your petitioner prays that a writ of error to the Supreme Court of the United States may issue in due form of law.

GROVER & BAKER S. M. CO.,
By B. R. CURTIS,
ELIAS MERWIN,
*Of Counsel for said Company.*

8 UNITED STATES OF AMERICA, *ss:*

[SEAL.] The President of the United States to the honorable the judges of the supreme judicial court of the Commonwealth of Massachusetts, greeting:

Because, in the record and proceedings, as also in the rendition of the judgment of a plea which is in the said supreme judicial court before you, or some of you, being the highest court of law or equity of the said State in which a decision could be had in the suit between the Florence Sewing-Machine Company, complainant, and the Grover and Baker Sewing-Machine Company, defendant, wherein was drawn in question the validity of a treaty or statute of, or an authority exercised under, the United States, and the decision was against their validity; or wherein was drawn in question the validity of a statute of, or authority exercised under, said State on the ground of their being repugnant to the Constitution, treaties, or laws of the United States, and the decision was in favor of such their validity; or wherein was drawn in question the construction of a clause of the Constitution, or of a treaty, or statute of, or commission held under, the United States, and the decision was against the title, right, privilege, or exemption, specially set up or claimed under such clause of the said Constitution, treaty, statute or commission, a manifest error hath happened, to the great damage of the said Grover and Baker Sewing-Machine Company, as by its complaint appears: We, being willing that error, if any hath been, should be duly corrected, and full and speedy justice done to the parties aforesaid in this behalf, do command you, if judgment be therein given, that then, under your seal, distinctly and openly, you send the record and proceedings aforesaid, with all things concerning the same, to the Supreme Court of the United States, together with this writ, so that you have the same at Washington on the first Monday of December next, in the said Supreme Court to be then and there held, that, the record and proceedings aforesaid being inspected, the said Supreme Court may cause further to be done therein to correct that error, what of right and according to the laws and customs of the United States should be done.

Witness the honorable Salmon P. Chase, Chief Justice of the said Supreme Court, this tenth day of April, in the year of our Lord one thousand eight hundred and seventy-two.

JOHN G. STETSON,
*Clerk of the Circuit Court of the United States.*

Allowed by—

NATHAN CLIFFORD,
*Associate Jus. Sup. Court of the U. S.*

(Indorsed:) 459. Eq. Grover & Baker S. M. Co., pl'f in error, vs. Florence S. M. Co. Writ of error. Filed April 15, 1873. Att.: Geo. W. Nichols, ass't clerk.

9 The United States of America to the Florence Sewing-Machine Company, a corporation created by the laws of the State of Massachusetts, and resident therein, greeting:

You are hereby cited and admonished to be and appear at a Supreme Court of the United States to be holden at Washington, on the first Monday of December next, pursuant to a writ of error filed in the clerk's office of the supreme judicial court of the Commonwealth of Massachusetts, wherein the Grover & Baker Sewing-Machine Company is plaintiff in error, and you are defendant in error, to show cause, if any there be, why judgment rendered against the said plaintiff in error, as in the said writ of error mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the honorable Nathan Clifford, Justice of the Supreme Court

of the United States, this tenth day of April, in the year of our Lord one thousand eight hundred and seventy-two.

NATHAN CLIFFORD,
*Associate Jus. Sup. Court of the U. S.*

10 U. S. OF AMERICA,
*Mass. Dist., ss:*

BOSTON, *April 17th*, 1872.

I hereby certify that I this day gave in hand to Sidney Strong, treasurer of the within named Florence Sewing-Machine Company, a true copy of the within citation, attested by the clerk of the circuit court of the United States for the first circuit in said district.

ROLAND G. USHER,
*U. S. Marshal.*

Fees, serv., & tr., $2.00; expenses, 14.00—$16.00.

(Indorsed:) 459. Eq. Grover & Baker S. M. Co., pl'f. in error, vs. Florence S. M. Co. Citation. Filed April 18, 1862. Att.: Geo. W. Nichols, ass't clerk.

11 *Bond on writ of error.*

Know all men by these presents that we, The Grover & Baker Sewing-Machine Company, a corporation established and existing in the State of Massachusetts, as principal, and John Ritchie and William O. Grover & William E. Baker, all of Boston, Mass., as sureties, are held and firmly bound unto The Florence Sewing-Machine Company, a corporation established by the laws of the State of Massachusetts, and doing business therein, and the original complainants in the suit hereinafter named, in the full and just sum of two hundred thousand dollars, to be paid to the said Florence Sewing-Machine Company, its successors and assigns; to which payment, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly and severally, by these presents, sealed with our seals, and dated the tenth day of April, A. D. eighteen hundred & seventy-two.

Whereas lately at a term of the supreme judicial court for the county of Suffolk and State of Massachusetts, namely, on the ninth day of April, A. D. 1872, in a suit depending in said court between the said Florence Sewing-Machine Company, as complainants, and the said Grover & Baker Sewing-Machine Company, as respondents, a final decree was rendered against the said respondents; and the said respondents having obtained from the Supreme Court of the United States a writ of error and filed a copy thereof in the clerk's office of the said supreme judicial court to reverse the decree in the aforesaid suit, and a citation directed to the said Florence Sewing-Machine Company citing and admonishing them to be and appear at a Supreme Court of the United States, to be holden at Washington, on the first Monday of December next:

Now, the condition of the above obligation is such, that if the said Grover & Baker Sewing-Machine Company shall prosecute their said writ of error to effect, and answer all damages and costs if they shall

fail to make their plea good, then the above obligation to be void; else to remain in full force and virtue.

GROVER & BAKER S. M. Co.,
W. O. GROVER, *Treas'r.* [L. S.]
JOHN RITCHIE. [L. S.]
W. O. GROVER. [L. S.]
W'M EMERSON BAKER. [L. S.]

Signed, sealed, and delivered in presence of—
ELIAS MERWIN.

Approved:

NATHAN CLIFFORD,
*Associate Jus. Sup. Court U. S.*

A true copy of the bond taken by the judge at the time of allowing the writ of error named in said bond, which bond is on file in the office of the clerk of the circuit court of the United States for the first circuit and district of Massachusetts.

[SEAL.] Attest:

JOHN G. STETSON,
*Clerk U. S. C. C., Mass. Dist.*

(Indorsed:) 459. Eq. Grover & Baker S. M. Co., pl'f in error, vs. Florence S. M. M. Co. Copy of bond. Filed April 15, 1872. Att.: Geo. W. Nichols, ass't clerk.

12 COMMONWEALTH OF MASSACHUSETTS,
*Suffolk, ss:*

At the supreme judicial court begun and holden at Boston, within and for the county of Suffolk, on the first Tuesday of October, A. D. 1869, namely, on the fifth day of January, A. D. 1870, the Florence Sewing-Machine Company, complainants, filed their bill of complaint in said court, in the words following, to wit:

13 COMMONWEALTH OF MASSACHUSETTS.
*Supreme Judicial Court, Suffolk, ss:*

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE GROVER & BAKER SEWING-MACHINE COMPANY. } In equity.

To the honorable the justices of the supreme judicial court, within and for the county of Suffolk.

Humbly complaining, shows the Florence Sewing-Machine Company, a corporation established under the laws of the Commonwealth aforesaid, at Northampton, in the county of Hampshire, that, on the twentieth day of February, in the year of our Lord one thousand eight hundred and sixty-eight, your orator was, and for a long time before had been, ever since has been, and still is, engaged in the business of manufacturing sewing-machines for sale, and selling the same in various parts of the United States and in Europe; and then employed and still employs a large capital in said business, invested partly in land and buildings and partly in stock, tools, and machinery.

Your orator further shows that the requirements of the business of selling sewing-machines are such that the retailers of said machines

are obliged to invest a large amount of capital in machines and in the notes and obligations of purchasers; and that any interruption of the sale of the machines manufactured by your orator, arising from any fear on the part of the public that said machines were made or sold in violation or infringement of the rights secured to any parties other than your orator, by letters-patent of the United States, would be productive of great and ruinous loss and injury, not only to your orator, but also to those persons who had purchased said machines from your orator for the purpose of selling them again; of which persons the number in the United States is very large.

Your orator further shows that the sewing-machines heretofore and now manufactured by it contain, embody, and use, among other patented inventions, the inventions secured by and described in the re-issued letters-patent to Allen B. Wilson, numbered 346 and 414, and dated, respectively, January 22, 1856, and December 9, 1856.

14 Your orator further shows that, on said twentieth day of February, A. D. 1868, the Grover & Baker Sewing-Machine Company, a corporation established under the laws of said Commonwealth, at Boston, in said Commonwealth; the Wheeler & Wilson Manufacturing Company, a corporation established under the laws of the State of Connecticut, at Bridgeport, in said Connecticut; and the Singer Manufacturing Company, a corporation established under the laws of the State of New York, at the city of New York, owned and controlled and ever since have owned and controlled, and still own and control, either jointly or separately, and holding either the legal title or the beneficial interest therein, the said letters-patent, and divers other letters-patent of the United States for inventions of improvements in sewing-machines, and did by their instrument in writing, known as and called a license, dated on said twentieth day of February, A. D. 1868, a copy of which is hereto annexed, marked A, and made a part of this bill of complaint, in consideration of certain patent rent or license fees therein reserved, and of the covenants of your orator therein contained according to their respective powers and authority so to do, severally authorize and license your orator to manufacture, use, and vend for use the inventions contained and described in said re-issued letters-patent, numbered 346 and 414, and divers other inventions described in divers other letters-patent, as is fully in said license set forth, so far as the same or any of the said inventions are contained in the sewing-machines heretofore or now manufactured by your orator. And did, by said license, agree with your orator that no other license for a drop-feed shuttle sewing-machine using two threads should, after the execution of said license, be granted by said licensers, the said Grover & Baker Sewing-Machine Company, the said Wheeler & Wilson Manufacturing Company. and the said Singer Manufacturing Company, under the before-mentioned patents at a less patent rent per machine than that reserved in said license, without a corresponding reduction in the patent rent in said license reserved.

Your orator further shows that the patent rent or license fee reserved in said license was five dollars for each and every machine made and sold for use in the United States, and two dollars for each machine actually exported for use in foreign countries and not returned to the United States.

Your orator further shows that the said licensers in their said license to your orator reserved the right, at their option, to terminate said license upon thirty days' written notice thereof, for breach of any of the agreements therein contained on the part of your orator; and agreed that otherwise said license shall remain in force until the twelfth day of

November, A. D. 1871, and as much longer as your orator shall elect to continue the same.

Your orator further shows that in said license your orator agreed to render to said licensers, or to such person as they should appoint to receive the same, quarter-yearly, from January 1, 1868, a true and full account, in writing, of all sewing-machines made or sold by your orator during each quarter successively while said license continues; said returns to contain the number of machines made or sold, date of sale, and to be verified by the oath of your orator, or the employee having the best means of knowing the truth thereof; and, on or before the tenth day of July, October, January, and April of each successive year, your orator agreed to pay said licensers or their duly authorized receiver the said patent rent for each and every sewing-machine which shall have been made or sold by your orator during the last preceeding quarter-year and which shall not have been before paid for.

Your orator further shows that, hoping and supposing that the said licensers had dealt and were dealing fairly and honestly with your orator under said license, and that they had not violated any of the provisions of it, and that they had not granted any other license under the patents in said license mentioned for a drop-feed shuttle sewing-machine using two threads, at a less patent rent per machine than is reserved in said license to your orator, has made all the returns called for by said license and has paid at patent rent or license fee to said licensers, through their receiver, named for the purpose in said license, for all machines made or sold under said license prior the first day of October, A. D. 1869, of five dollars for each sewing-machine not actually exported for use in foreign countries and not returned to the United States, and two dollars for each machine actually exported for use in foreign countries and not returned to the United States; and your orator has in all other respects done and performed all the things incumbent on your orator under the license aforesaid.

But so it is, may it please your honors, that the said licensers, the said Grover & Baker Sewing-Machine Company; the said Wheeler & Wilson Manufacturing Company, and the said Singer Manufacturing Company, combining and confederating together for the purpose of defrauding your orator of its moneys and property, did, on the first day of October, A. D. 1868, by their license, an instrument in writing, a copy of which, marked B, is hereto annexed and made a part of this bill, in consideration of the sum of twenty thousand dollars, authorize and license the Davis Sewing-Machine Company, a corporation or firm doing business at Watertown, in the State of New York, to manufacture, use, and vend for use the invention described in letters-patent granted to William H. Johnson, March 7, 1854, re-issued February 26, 1856, No. 355, and duly extended April 15, 1867, upon sewing-machines not exceeding fifty thousand in number of the kind and like the one deposited with said licensers and marked "Davis Sewing-Machine," and no others, to be built at their shop in Watertown aforesaid. And the said licensers afterwards by a writing, a copy of which, marked C, is hereto annexed and made part of this bill, agreed and consented to the assignment of this license by the Davis Sewing-Machine Company to the Davis Sewing-Machine Company of Watertown, N. Y.; and in said license to said Davis Sewing-Machine Company, the said licensers did also respectively agree that they will not, while the same remains in force and is performed on the part of the licensee in it named, make any further claim of license fees from said licensee under any other patents which they did then or might thereafter own or control for

making or selling sewing-machines like said specimen "Davis Machine."

Your orator further shows that said specimen Davis machine contained the inventions described and contained in divers letters-patent owned and controlled by said licensers, other than said letters-patent issued to said Johnson; and especially that said machine contained the inventions described in and secured by said re-issued letters-
16 patent to Allen B. Wilson, numbered 346 and 414, respectively, and was and is a drop-feed shuttle sewing-machine using two threads; and that, before said first day of October, A. D. 1868, the said licensers had applied for and obtained from the justices of the circuit court of the United States for the northern district of New York a decree enjoining the said Davis Sewing-Machine Company against making, using, or selling sewing-machines substantially like said specimen Davis machine, because the same infringed said letters-patent numbered 346 and 414. And ever since the said first day of October, A. D. 1868, until the signing of this bill, the said Davis Sewing-Machine Company and the said Davis Sewine-Machine Company of Watertown, N. Y., under and by virtue of said license to them granted and assigned as aforesaid, have sold said Davis sewing-machines like said specimen machine, and embodying and containing said patented inventions, in competition with your orator, and to the great detriment and injury of your orator in the prosecution of its said business. And the said licensers, well-knowing that said Davis machine was and is a drop-feed shuttle sewing-machine using two threads, and intending to defraud your orator by keeping your orator in ignorance of the terms of said license to said Davis Sewing-Machine Company, carefully concealed the same and the terms thereof from your orator, and caused and compelled the officers of said Davis Sewing-Machine Company to agree and promise not to divulge the terms of said license, but to keep the same inviolably secret; and your orator, though it applied to the receiver aforesaid appointed by said licensers and to said officers of said Davis Sewing-Machine Company for information as to the terms of said license to said Davis Company, could not obtain any information in relation thereto by reason of said careful concealment, and by reason of said promise and agreement by said officers to keep the same secret until some time in the month of November A. D. 1869.

Your orator further shows that, in accordance with and by virtue of the provisions in the said license to your orator, your orator is entitled to have the patent rent or license fee under said license to your orator reduced to the sum and rate of forty-cents for each and every machine made or sold by your orator under said license after the said first day of October, A. D. 1868, by reason of the said license being given by the said licensers to the said Davis Sewing-Machine Company, to make and sell fifty thousand drop-feed shuttle sewing-machines using two threads, for and in consideration of the license fee of twenty-thousand dollars as aforesaid.

Your orator further shows that, as patent rent under said licence to your orator on sewing-machines made and sold since said first day of October, A. D. 1868, your orator has paid to said licensers, through their said receiver, at the rate of five dollars for each machine not exported, and at the rate of two dollars for each machine exported, the sum of sixty-three thousand nine hundred and twelve dollars, as patent rent on thirteen thousand two hundred and eleven machines; whereas, in truth and in honesty, the said licensers were entitled, under said license to your orator as modified by said license to the said Davis Sew-

ing-Machine Company, to receive as patent rent for and on said machines the sum of forty cents only on each of said machines, amounting in all to the sum of five thousand two hundred and eighty-four dollars and forty cents. And your orator avers that the said licensers have been paid by your orator the sum of fifty-eight thousand six hundred and twenty-seven dollars and sixty cents more than the whole amount of patent rent heretofore due under said license.

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Your orator further shows that, in the month of November, A. D. 1869, it paid to said receiver appointed by said licensers as aforesaid, the sum of nineteen thousand seven hundred and fifty-eight dollars, which was claimed by said receiver and by said licensers to be due under said license to your orator as patent rent or license fees on machines made and sold in the quarter-year ending on the thirtieth day of September, A. D. 1869; and that your orator paid said last-named sum, believing and protesting that the same was not due nor owing under said license; and because the said licensers, through their receiver, threatened that, unless the same were paid, they would give notice of the termination of said license, and publish abroad the statement that the same was terminated, and that the rights of your orator thereunder were forfeited.

And your orator had hoped, when it learned the terms and effect of the said license to the said Davis Sewing-Machine Company, and pointed out to said licensers the effect thereof on the said license to your orator, that said licensers would reduce the rent reserved in said license to your orator voluntary and without the order of the court thereto, and would have accounted with your orator and repaid the sums overpaid by your orator as aforesaid. But so it is, may it please your honors, that the said licensers, falsely pretending that the said license to the said Davis Sewing-Machine Company does not entitle your orator to a reduction of patent under the said license to your orator, insist and assert that your orator has paid only the sums due from your orator under said license; and intending still further to defraud your orator, claim and demand that your orator still continue to pay patent rent under said license, at the rate of five dollars for each machine used in the United States, and two dollars for each machine exported for use in foreign countries; and said licensers declare and threaten that, if your orator shall refuse to pay patent rent under said license at said rates, the said licensers will give notice in writing to your orator of its election to terminate said license in thirty days, and will publish and circulate the statement that said license has been terminated.

And your orator further shows that your orator is ready and willing to pay all sums which shall fall due under said license, if any, as patent rent, and has offered in a suit in equity, founded on the wrongs herein complained of, against the Singer Manufacturing Company aforesaid, a corporation created under the laws of the State of New York, and without the jurisdiction of this honorable court, which suit is now pending in the circuit court of the United States for the southern district of New York, to deposit with such receiver as that court shall name all such sums as the patent rent under said license, at the rate of five dollars for each machine not exported, and two dollars for each machine exported, would amount to for each and every quarter-year which shall expire during the pendency of that suit, at the times when the same would fall due under said license as originally framed; the said sums to be held by such receiver subject to the order of that court, and to await the final decree in that suit. And your orator is ready to give any

further security by the filing of said bond as your honors shall
18 require, if any, or otherwise, for the payment of any sums which shall be found by your honors to be due said licensers under said license.

But your orator avers, nevertheless, that the said licensers have been largely overpaid under said license to your orator as aforesaid, and are entitled to receive only forty cents for each and every machine made or sold under said license since said first day of October, A. D. 1868, and that the said licensers are bound to refund to your orator the amount which has been overpaid to them as aforesaid, or to hold the same in trust for your orator, to be applied in payment and satisfaction of all sums that may hereafter accrue and become payable from your orator to them for such patent rents, at the rate of forty cents for each machine for which rent may hereafter become payable under said license.

Your orator further shows that it is informed and believes that, since your orator learned the existence and terms of said license to said Davis Sewing-Machine Company, and claimed of said licensers that the license to your orator is modified thereby, as aforesaid, the said licensers, intending and combining to defraud your orator, have made and entered into some new contract with the said Davis Sewing-Machine Company, of Watertown, N. Y., either directly or through the intervention of some person or persons to your orator unknown, for the purpose of evading the said effect of said license to said Davis Company upon the license to your orator, and of preventing your orator from enjoying the benefits to which it is entitled by reason of said license to said Davis Company; and your orator is unable to learn the terms of or parties to the said new contract, although it has applied through said receiver appointed by said licensers to said licensers for information as to what, if anything, has been done in the premises.

Your orator further shows that said Wheeler & Wilson Manufacturing Company is a corporation established under the laws of the State of Connecticut, at Bridgeport, in that State, and is, as well as said Singer Manufacturing Company, without the jurisdiction of your honors and of this court, and, therefore, the said Singer Company and the said Wheeler & Wilson Company are not made parties to this bill.

In consideration whereof, and forasmuch as your orator is entirely remediless in the premises according to the strict rules of the common law, and can have relief only in a court of equity, where matters of this nature are properly cognizable and relievable: To the end, therefore, that the said Grover & Baker Sewing-Machine Company may full, direct, and perfect answer make to all and singular the premises, as fully and particularly as if the same were hereinafter repeated and they distinctly interrogated thereto; and especially may discover and set forth, fully and by copy, what new contract, if any, the said licensers have made with the said Davis Sewing-Machine Company, of Watertown, N. Y., either directly or through the intervention of any person or persons, in relation to making or selling said Davis Sewing-Machine; and that said defendant, the said Grover & Baker Sewing-Machine Company, may be ordered to reduce the patent rent reserved in said license to your orator to the sum of forty cents for each and every machine made or sold by your orator, under said license, after the first day of October, A. D. 1868; and may account with your orator
19 for and pay over to your orator the sums received by said licensers under said license, and to which they were not entitled as aforesaid; and may not claim nor demand of your orator any other or further

sums under the said license to your orator than would be due thereunder at the rate of forty cents for each machine made or sold since the first day of October, 1868, and not already paid for; and that your orator may not be disturbed nor interfered with in your orator's business during the pendency of this suit; and that your orator may have such further and other relief in the premises as the nature of the case shall require and to your honors shall seem meet:

May it please your honors to grant unto your orator not only your writ of injunction to be directed to the said Grover & Baker Sewing-Machine Company, to restrain the defendants, its servants, agents, and confederates, and each of them, from giving notice during the pendency of this suit to your orator of their option or purpose or election to terminate said license to your orator, and from attempting to collect license fees or patent rent from your orator until further order of the court; but also the writ of subpœna issuing out of and under the seal of this honorable court, directed to the said defendant, commanding it by a certain day and under a certain penalty to be and appear in this honorable court, then and there to answer the premises, and to stand to and abide such order and decree as may be made against it.

THE FLORENCE SEWING-MACHINE COMPANY,
By W'M B. HALE, *President.*

A. L. SOULE,
*Solicitor and of Counsel for Plaintiff.*

COMMONWEALTH OF MASSACHUSETTS,
*Hampden County, ss:*

On the fourth day of January, 1870, came before me, William B. Hale, personally known to me to be the president of the Florence Sewing-Machine Company above named, and made oath that he had read the foregoing bill of complaint, by him, as such president, signed, and that the same is true of his own knowledge, except as to those matters stated on information and belief; and, as to those matters, he believes it to be true.

A. L. SOULE,
*Justice of the Peace for all the Counties.*

EXHIBIT A.

Articles of agreement made this twentieth day of February, 1868, by and between the Wheeler & Wilson Manufacturing Company, the Grover & Baker Sewing-Machine Company, and the Singer Manufacturing Company, parties of the first part, and the Florence Sewing-Machine Company, of the second part, as follows:

20 First. The parties of the first part, in consideration of the patent rent herein reserved and the covenants herein contained, do, according to their respective rights and powers so to do, severally authorize and license said parties of the second part to manufacture, use, and vend for use the inventions contained and described in the re-issued letters-patent to Allen B. Wilson, Nos. 346 and 314, dated, respectively, January 22, 1856, and December 9, 1856; to John Bachelder, No. 2125, dated December 12, 1865; the letters-patent to A. B. Ely, as assignee of Jotham S. Conant, No. 12233, dated January 16, 1855; the letters-patent to W. R. N. Fitzgerald, No. 12116, dated December 19, 1854; the re-issued letters-patent to Reuben G. Fairbanks, assignee of Akins & Felthensen, No. 9030, dated April 11, 1865; the sixth claim of the re-issued letters-patent to the Wheeler & Wilson Manufacturing Com-

pany, No. 913, dated February 28, 1860; and so much of the letters-patent of the Grover & Baker Sewing-Machine Company, No. 9053, dated June 22, 1852, as relates to the feeding mechanism; the letters-patent to Isaac M. Singer, No. 16030, dated November 4, 1856; and the first claim in the letters-patent to Isaac M. Singer, No. 12969, dated May 29, 1855; the fourth claim in the re-issued letters-patent to said Singer, No. 278, dated October 3, 1854; and the claim for controlling the needle-thread in the patent to said Singer, No. 10974, dated May 30, 1854, so far as the same or any of them are contained in the specimen sewing-machines this day deposited with the receiver of the licensers, and marked "Florence Machine," and "McCauley Machine," and "Jencks Machine," and in the form in which said inventions are embodied in said specimen machines, and not otherwise, except said McCauley machines may also be made with a drop-feed.

Also to make, use, and vend, in connection with machines like said specimen machines, the inventions described and contained in the following letters-patent: Those to Sherberne C. Blodgett, No. 10386, dated January 3, 1854; to John B. Nichols, No. 11615, dated August 29, 1854; to Seth P. Chapin, No. 14283, dated February 19, 1856; to George C. Munson, No. 181, dated January 22, 1861. And said licensers also respectively agree that they will not, while this agreement remains in force and is performed on the part of said licensees, make any further claim of license fees from said licensees under any other patents which they now or may hereafter own or control, covering any of the devices embodied in said specimen machines.

Second. The patent rent shall be five dollars for each and every sewing-machine which shall be made or sold under this license by said licensees while this license remains in force, and the prompt payment thereof shall be at all times adequately secured by said licensees.

Third. Said licensees hereby agree not to make or be interested in making or selling the inventions above enumerated or any of them in any other form than the same are now embodied in the specimen machine referred to, nor upon any other machines. And that they will not contest or encourage or promote litigation against the sewing-machine patents now belonging to any of said licensers, or which shall hereafter belong to any of them.

Fourth. Said licensees agree to manufacture said sewing-ma-
21 chines at their manufactory in Florence, Massachusetts, and nowhere else without the written consent of said licensers, and to stamp each machine as the law requires, before sale, with the word "patented," the dates of the patent embraced therein, and with the Florence Sewing-Machine Company's name as makers; and to number each machine consecutively, beginning with number ——; and to keep, in suitable books, a true account of all machines made or sold under this license; and to allow either of said licensers, or their agents for that purpose, to fully examine, upon reasonable request, all departments of said manufactory, and all books pertaining to said account; each machine to be entered in said book or books as fast as completed or sent from the manufactory.

Fifth. Said licensees hereby agree to render to said licensers, or to such persons as they shall appoint to receive the same quarter-yearly, from January 1, 1868, a true and full account in writing of all sewing-machines made or sold by said licensees during each quarter, successively, while this license continues; said returns to contain the number of machines made or sold, date of sale, and to be verified by the oath of said licensees, or the employee having the best means of knowing

the truth thereof; and on or before the tenth day of July, October, January, and April of each successive year said licensees agree to pay said licensers, or their duly authorized receiver, the said patent rent for each and every machine which shall have been made or sold by said licensees during the last preceding quarter-year, and which shall not have been before paid for.

Sixth. It is agreed and understood that this license is personal to said licensees, and is not in any way to be divided or assigned or shared with others without the united written consent of all said licensers, and additional security, if required; but, with such consent and security, it may inure to the benefit of the legal representatives of said licensees.

Seventh. No other license for a drop-feed shuttle sewing-machine using two threads is to be granted by said licensers under the beforementioned patents at a less patent rent per machine without a corresponding reduction in the patent rent herein reserved; and machines of the same pattern are not to be licensed to different parties.

Eighth. Said licensees further agree that they will not make or sell, nor be engaged, directly or indirectly, in the manufacture or sale of any sewing-machines which shall be an imitation or counterfeit, or be made to resemble in general form and appearance the design or form of a sewing-machine already licensed and in use by any other licensee under the parties of the first part; and a violation of this provision by the licensees shall, at the election of the licensers, operate, ipso facto, as a revocation and termination of this license.

Ninth. It is agreed and understood that said patent rent shall be two dollars instead of five dollars for each machine actually exported for use in foreign countries, and not returned to the United States; and satisfactory proof of such exportation and destination of the exported machines shall be furnished to said licensers before such reduction shall be made; and no machine paid for at such reduced rent shall thereby be authorized to be used in the United States under this license.

22 Tenth. It is agreed that said licensers reserve the right, at their option, to terminate this license upon thirty days' written notice thereof for breach of any of the agreements herein contained on the part of said licensees, or in case the number of sewing-machines which shall be made and paid for in any quarter-year as aforesaid shall fall below two hundred and fifty; otherwise it shall remain in force until the twelfth day of November, 1871, and as much longer as the licensees elect to continue the same.

Eleventh. It is agreed and understood that said licensees shall not sell or deal in or allow their agents to deal in any sewing-machines using the hereinbefore enumerated patents, or any of them, unless the same shall be regularly made under this license, or shall be legally supplied by the licensers, or some of them, or their licensees.

Twelfth. It is agreed and understood that George Gifford, esq., is the authorized receiver of said licensers, until further appointment by them, to receive all reports and accounts of machines at any time made or sold under this agreement by said licensees, and to receive and retain all machines required by this agreement to be deposited with said licensers, and to collect and receive all sums which, by this agreement, are to be paid for patent rent or otherwise; and said licensees shall render such accounts, make such deposit of machines, and make such payments to said Gifford or such other person as said licensers may appoint; and rendering such accounts, and making such payments to and deposit with said Gifford, or such other person as said licensers shall

appoint, shall (so far as respects depositing machines, rendering accounts, and making payments) be a compliance with and performance of this agreement by said licensees.

In witness whereof the said parties have executed these presents in duplicate the day and year first above written.

WHEELER & WILSON MANUFACTURING COMPANY,
By A. WHEELER, *President.*
GROVER & BAKER SEWING-MACHINE COMPANY,
By O. B. POTTER, *President.*
THE SINGER MANUFACTURING COMPANY,
By INSLEE A. HOPPER, *President.*
THE FLORENCE SEWING-MACHINE COMPANY,
W'M B. HALE, *President.*

23 EXHIBIT B.

Articles of agreement made this first day of October, 1868, by and between the Wheeler & Wilson Manufacturing Company, the Singer Manufacturing Company, and the Grover & Baker Sewing-Machine Company, parties of the first part, and the Davis Sewing-Machine Company, party of the second part, witnesseth:

First. The parties of the first part, for the consideration of twenty thousand dollars to them in hand paid, do hereby authorize and license said party of the second part, as herein provided, but not otherwise, to manufacture, use, and vend for use the inventories described in the letters-patent granted by the United States of America to William H. Johnson, March 7, 1854, re-issued February 26, 1856, No. 355, and duly extended April 15, 1867, upon sewing-machines, not exceeding fifty thousand in number, of the kind and made like the one deposited with the said licensers, and marked "Davis Sewing-Machine," and no other, which shall be built at their shop in Watertown, New York, and at no other shop or place without permission, in writing, first obtained of said licensers.

Second. Said licensees hereby acknowledge the validity of said patent rights and the novelty of the inventions thereby secured, and agree not to make or be interested in making or selling the inventions above enumerated, or any of them in any other form than the same are now embodied in the specimen machine above referred to, nor upon any other machine; and that they will not contest or encourage or promote litigation against the sewing-machine patents now belonging to any of said licensers, or which shall hereafter belong to any of them.

Third. Said licensers also, respectively, agree that they will not, while this agreement remains in force and is performed on the part of said licensees, make any further claim of license-fees from said licensees under any other patents which they now or may hereafter own or control for making or selling sewing-machines like said specimen Davis machine.

Fourth. Said licensees agree to manufacture said sewing-machines at their manufactory in said Watertown, and nowhere else, without the written consent of said licensers, and to stamp each machine as the law requires, before sale, with the word "patented," the dates of the patents embraced therein, and with Davis Sewing-Machine Company's name as makers, and to number each machine consecutively, beginning with number one; and to keep in suitable books a true account of all machines made or sold under this license, and to allow either of said licensers, or their agents, for that purpose to fully examine, upon rea-

sonable request, all departments of said manufactory, and all books pertaining to said account; each machine to be entered in said book or books as fast as completed or sent from the manufactory.

Fifth. It is agreed and understood that this license is personal to said licensees, and is not in any way to be divided or assigned or shared with others without the written consent of all said licensers and additional security, if required; but with such consent and security it may inure to the benefit of the legal representatives of said licensees.

Sixth. It is agreed and understood that said licensees shall not sell or deal in, or allow their agents to deal in any sewing-machines, unless the same shall be regularly made under this license, or shall be legally supplied by the licensers, or some of them or their licensees.

24 In witness whereof the said parties have executed these presents in duplicate the day and year first above written.

THE SINGER MANUFACTURING COMPANY,
By INSLEE A. HOPPER, *President.*
GROVER & BAKER SEWING-MACHINE COMPANY,
By O. B. POTTER, *President.*
WHEELER & WILSON MANUFACTURING COMPANY,
By N. WHEELER, *President.*
THE DAVIS SEWING-MACHINE COMPANY,
By J. A. DAVIS, *President.*

EXHIBIT C.

Whereas a written license for the manufacture and sale of sewing-machines was made and granted by the Wheeler & Wilson Manufacturing Company, the Singer Manufacturing Company, and the Grover & Baker Sewing-Machine Company to the Davis Sewing-Machine Company, bearing date the first day of October, 1868; and whereas the parties interested in the said Davis Sewing-Machine Company desire to perfect a re-organization in the business of making and selling said sewing-machines, and for that purpose propose to organize a new company or corporation by the name of the Davis Sewing-Machine Company of Watertown, N. Y., to carry on said business in the place and stead of the said Davis Sewing-Machine Company:

Now, for value received, the undersigned, said licensers, hereby agree and consent that said licensee may assign and tranfer the said license and all its rights and privileges under the same to the aforesaid new company, to wit, the Davis Sewing-Machine Company of Watertown, N. Y., when formed, and that such assignee shall and may possess, hold, and enjoy all the rights and privileges granted in and by said license as fully and completely as the same could be held and enjoyed by the said licensee if no such assignment were made; such assignment to be entire, and not divisible, and subject to the conditions in said license contained.

And we hereby acquiesce and consent to the commencement of the numbering the machines under the 4th clause in said license with No. 3501 instead of No. 1.

Dated April 6, 1869.

GROVER & BAKER SEWING-MACHINE COMPANY,
O. B. POTTER, *President.*
WHEELER & WILSON MANUFACTURING COMPANY,
By N. WHEELER, *President.*
THE SINGER MANUFACTURING COMPANY,
By INSLEE A. HOPPER, *President.*

Filed January 5, 1870.

25 Upon the filing of said bill a subpœna was issued to and duly served upon said Grover & Baker Sewing-Machine Company, commanding it to appear and answer to said bill of complaint at the next rules day, namely, on the first Monday of *of* February, A. D. 1870, and upon the same day an injunction was issued by the order of the Hon. James D. Colt, one of the justices of said supreme judicial court, in the words following:

26 COMMONWEALTH OF MASSACHUSETTS, *Suffolk, ss.:*

To the Grover & Baker Sewing-Machine Company, a corporation established under the laws of the Commonwealth aforesaid at Boston in said Commonwealth, its confederates, servants, agents, attorneys and counsellors, and each and every of them, greeting:

[SEAL.]

Whereas it has been represented unto us, in our supreme judicial court, by the Florence Sewing-Machine Company, a corporation established under the laws of said Commonwealth, at Northampton in said Commonwealth, complainant, that it, the said complainant, has exhibited a bill of complaint in our said court against you, the said Grover & Baker Sewing-Machine Company, wherein said complainant, among other things, prays for a writ of injunction against you, the said respondent:

We, therefore, in consideration of the premises, do strictly enjoin and command you, the said respondent, and all and every the persons before named, to desist and refrain from giving notice to the said Florence Sewing-Machine Company of the option, purpose, or election of said Grover & Baker Sewing-Machine Company to terminate the license given by said Grover & Baker Sewing-Machine Company, and the Wheeler & Wilson Manufacturing Company, and the Singer Manufacturing Company to the Florence Sewing-Machine Company, dated the twentieth day of February, A. D. 1868, a copy of which license is annexed to said bill of complaint; and from attempting to collect license fees as patent rent from said Florence Sewing-Machine Company, until the further order of our said court, or some justice thereof.

Witness Reuben A. Chapman, esquire, at Boston, the fifth day of January, in the year of our Lord one thousand eight hundred and seventy.

(Signed) GEO. W. NICHOLS, *Ass't Clerk.*

SUFFOLK, *ss:*

BOSTON, *January* 5, 1870

I this day gave in hand an attested copy of this writ to J. H. Browne, clerk of the within named Grover & Baker Sewing-Machine Company.

(Signed) BENJ. F. BAYLEY,
*Dep. Sh'ff.*

(Indorsed:) No. Eq. Copy, writ of injunction. Florence S. M. Co. vs. Grover & Baker S. M. Co.

27 And the said Grover & Baker Sewing-Machine Company appeared in said suit, and, on the eighteenth day of April, A. D. 1870, filed their answer therein; and the said suit was continued by order of the court from term to term unto the October term, A. D. 1870, when, on the second day of February, A. D. 1871, the said Grover and Baker Sewing-Machine Company filed their demurrer in answer in the words following:

28 *Demurrer in answer.*

And these defendants do further answer and aver that the complainants' said bill does not contain sufficient or any matter of equity whereupon this court can ground any decree in favor of said complainants; and they demur to said bill, because it appears by the complainants' own showing in the said bill that the Wheeler & Wilson Manufacturing Company and the Singer Manufacturing Company therein named are necessary parties to said bill and to any bill wherein the complainants should seek the relief prayed for in their said bill; but yet the said Wheeler & Wilson Manufacturing Company and the said Singer Manufacturing Company are not made parties to said bill.

And the defendants pray that they may have the same benefit herefrom as if they had demurred to the said bill.

By ELIAS MERWIN,
*Their Solicitor.*

I, Elias Merwin, solicitor of the said defendants, do hereby certify that the foregoing demurrer is not intended for delay.

ELIAS MERWIN.

Filed February 2, 1871.

AT CHAMBERS, *February* 24, 1871.

It is agreed that this case be reserved to be heard by the full court upon the defendant's demurrer for want of parties; and also on the question whether the complainant is entitled to relief by way of injunction as prayed for in his bill; and whether the last point must be taken by demurrer; and if so, whether the court will allow a demurrer for that cause now to be filed.

Reserved for hearing and decision of the full court upon the foregoing agreement of parties and papers referred to.

R. A. CHAPMAN,
*Ch. J. S. J. C.*

Copy. Attest:

GEO. W. NICHOLS, *Ass't Clerk.*

29 And the case was continued until the October term, A. D. 1871, when it was ordered by the supreme judicial court for the Commonwealth, by its rescript, as follows:

COMMONWEALTH OF MASSACHUSETTS:

Supreme judicial court for the Commonwealth at Boston, January term, 1872.

| | |
|---|---|
| IN THE CASE OF THE FLORENCE SEWING-MACHINE Company, *vs.* THE GROVER & BAKER SEWING-MACHINE Company. | Pending in the supreme judicial court for the county of Suffolk. |

Ordered that the clerk of said court, in said county, make the following entry under said case in the docket of said court, viz:

Demurrer overruled.

By the court.

GEO. C. WILDE, *Clerk.*

JANUARY 5, 1872.

30 And thereafter, to wit, on the twenty-seventh day of January, A. D 1872, the said Florence Sewing-Machine Company filed their petition in said supreme judicial court, against the said Grover & Baker Sewing-Machine Company, a copy of which is hereinafter set forth; and, upon the filing of said petition, an order of notice was issued & served upon said Grover & Baker Sewing-Machine Company, requiring it to appear at the court-house in said Boston, on Saturday, the third day of February, A. D. 1872, and show cause why the prayer of said petition should not be granted.

And upon said day the said Grover & Baker Sewing-Machine Company appeared in answer to said petition, and a hearing took place thereon before his honor Seth Ames, one of the justices of said supreme judicial court; and the said judge thereafter made his report on said petition to the supreme judicial court for the Commonwealth which report, and the exhibits thereto annexed & made a part of the same, are in the words following:

31 COMMONWEALTH OF MASSACHUSETTS,

*Supreme judicial court, Suffolk, ss:*

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE GROVER & BAKER SEWING-MACHINE Company. } In equity.

*Report.*

This case was before me upon the petition of the complainants for process against the defendants for an alleged violation by the latter of the injunction issued against them upon the filing of the bill. The alleged contempt consisted, as set forth in said petition, in an assignment made by the defendants to the Singer Manufacturing Co. of New York of their interest in a certain fund which had been paid into the U. S. circuit court for the southern district of New York by the Florence Co., in a suit in equity brought by them against said Singer Co., and which fund is now in the custody of said court. It was proved or admitted that the assignment, a copy of which is annexed to said petition, was executed by the defendants and delivered to said Singer Co., and that they took from the Singer Co. the agreement dated December 14, A. D. 1871, a copy of which is annexed, marked C, and that said two papers show the actual and entire agreement existing between them in reference to said funds. This fund was that which had been paid into the U. S. circuit court, New York, by the complainants in their suit against the Singer Manufacturing Co. under the order of said court granting a preliminary injunction against said Singer Co., and as a condition to granting it.

The bill in that case was filed December 30, A. D. 1869, and the said order for injunction was made January 10, 1870. The bill in this case was filed January 5, 1870, and the ex-parte injunction was granted at that time.

The U. S. circuit court held, in an opinion delivered in December, 1870, that the complainants in that suit could not maintain their bill, for want of equity, and also for want of necessary parties. Thereupon both the complainants and defendants in that suit applied to that court for the payment of said fund to them, respectively, which motions were argued January 13, 1871.

32 On the 14th January, 1871, the Grover & Baker Sewing-Machine Co., the Singer Manufacturing Co., and the Wheeler & Wilson Manufacturing Co. presented their joint-petition to said U. S. circuit court for the payment of said fund to them, a copy of which is annexed, marked A. The Florence Sewing-Machine Co. objected to said petition being received or heard, and, after some discussion, the court directed that if the petitioners wished to be heard thereon, said petition must be filed and notice given to the Florence Sewing-Machine Co. A notice of said petition, a copy of which is annexed, marked B, dated January 19, 1871, and returnable January 24, 1871, was served on the officers of the Florence Sewing-Machine Co. in Massachusetts, on the 19th January, and said petition was filed on said January 24. The Florence Co. did not appear or answer to said petition, and no further proceedings were had thereon.

On the 5th February, 1871, the U. S. court rendered a decision refusing to order the payment of said fund "to either of the parties," for the reasons set forth in their opinions, copies of which are annexed as a part of the case. No decree has been entered in that case.

Upon the 21st day of December, A. D. 1871, the Singer Manufacturing Co. brought a cross bill in that suit against the Florence Sewing-Machine Co., to obtain possession of said fund, which bill is now pending in that court. A copy of it is annexed, to be referred to, marked D. Copies of the original bill of the Florence Sewing-Machine Co. vs. Singer Manufacturing Co. in that court, and of said order of injunction of said court, are annexed and may be referred to.

The assignment in question, as was proved or admitted, was made in order to facilitate the application of said Singer Manufacturing Co., for said fund by its cross-bill.

January 24, 1871, the Florence Sewing-Machine Co. filed in this court their petition against these defendants for process for contempt of the preliminary injunction in this case by having united with the co-licensors in a notice to the complainants of their intention to revoke their license, and also by having attempted to collect patent rent or license fees by uniting in said petition to the U. S. circuit court of January 14, 1871, as is set forth in complainants' said petition. The hearing on this petition took place in this court January 28, 1871. At that hearing it was not claimed by the complainants that said petition of the Grover & Baker Sewing-Machine Co. et al. in the U. S. court was a violation of the injunction of this court; and it then appearing that the officers and agents of said Grover & Baker Co., were ignorant of the existence of said injunction when they united in said notice of revocation, and that they caused said notice to be recalled and cancelled as soon as they were informed of it, they were discharged. But said Grover & Baker Sewing-Machine Co. did not at any time withdraw from or seek to withdraw from their petition to the U. S. court.

I was satisfied, upon the evidence before me, that the assignment in question was made by the defendants under the belief that they had the right to make it, and with no intention to violate or disregard the order of this court. The questions whether the defendants were lawfully prohibited by the previous injunction in this case from
33 making said assignment, and whether, upon the foregoing facts, it is competent for the complainants upon this petition to contend or claim that the defendants were thus prohibited, are reserved for the determination of the whole court.

A motion filed by the defendants that the injunction in this case be dissolved or modified was also before me.

It was agreed that the question whether the machine licensed to the Davis Manufacturing Co. was a drop-feed shuttle sewing-machine, within the meaning of the defendants' license, was a contested one between the parties.

It was also agreed that, since the date of the license to the Davis Manufacturing Co., a copy of which is annexed to the complainants bill, the complainants have manufactured and sold more than fifty thousand of their sewing-machines.

Subsequently to the date of the said license to the Davis Manufacturing Co., the said company and the Wheeler & Wilson and Singer Manufacturing Companies entered into a contract, a copy of which is annexed, marked . The competency of this agreement as evidence is objected to by the defendants.

The questions whether said injunction shall be dissolved, or if not, whether it shall be modified, and to what extent, are reserved for the determination of the whole court.

SETH AMES, *J. S. J. C.*

*Petition.*

And now the Florence Sewing-Machine Company, complainant in the above-entitled suit, shows to this honorable court that, heretofore, to wit, on the 5th day of January in the year one thousand eight hundred and seventy, a writ of injunction was granted and issued by said court in said suit, enjoining and commanding the said Grover & Baker Sewing-Machine Company, its confederates, servants, agents, attorneys, and counsellors, and each and every of them, to desist and refrain from giving notice to the said Florence Sewing-Machine Company of the option, purpose, or election of said Grover & Baker Sewing-Machine Company to terminate the license given by said Grover & Baker Sewing-Machine Company and the Wheeler & Wilson Manufacturing Company and the Singer Manufacturing Company to the Florence Sewing-Machine Company, dated the twentieth day of February A. D. 1868, a copy of which license is annexed to said bill of complaint; and from attempting to collect license fees or patent rent from said Florence Sewing-Machine Company until the further order of said court or some justice thereof; which writ of injunction was, on the same fifth day of January, duly served on the said Grover & Baker Sewing-Machine Company, as by the return on said writ in said court fully appears; and said Grover & Baker Sewing-Machine Company and its officers, agents, and attorneys, all had notice and knowledge of the issuing of said writ, and the said company afterwards appeared, and answered in this suit by President O. B. Potter.

34 And afterwards the said Grover & Baker Sewing-Machine Company and the said O. B. Potter, its president, having disobeyed the order and command in said writ of injunction contained, by giving the notice of an election to terminate said license, which they were by said writ forbidden to give, were proceeded against in this honorable court for contempt, and escaped punishment therefor only by satisfying the court that they had disobeyed said injunction in forgetfulness of its existence, and by withdrawing and cancelling the said notice.

The said Florence Sewing-Machine Company further shows that, in the suit in equity instituted by it against the Singer Manufacturing Company in the circuit court of the United States for the southern district of New York, as in said bill of complaint is alleged, an injunc-

tion was granted on the tenth day of January, A. D. 1870, to the complainant, restraining the said Singer Manufacturing Company, until the further order of that court, from giving notice of its termination of the license to the plaintiff referred to in the bill of complaint, and from attempting to collect license fees or patent rent thereunder, on condition that the complainant should deposit with the clerk of the court all the moneys which would become due under said license, according to the full patent rent reserved therein, on the tenth days of January, April, July, and October; said moneys to be deposited by the clerk with the United States Trust Company in the city of New York, on interest, to the credit of the suit and subject to the order of the court; and in accordance with said condition, the said Florence Sewing-Machine Company made deposits with said clerk from time to time, until the judge of said court, after hearing the parties, pronounced an opinion dismissing said suit against said Singer Manufacturing Company, on the ground that said circuit court had not jurisdiction in the matter, for want of necessary parties to the suit, and for other reasons; which opinion was filed on the thirtieth day of December, A. D. 1870; and said Florence Sewing-Machine Company so deposited the sum of seventy-six thousand seven hundred and ninety-three dollars; which sum, with interest thereon, is still retained under the control of said circuit court, after application by both plaintiff and defendant to have it paid to them, respectively, on the grounds that the plaintiff, by depositing said moneys for the sake of having its said injunction, is equitably bound to let it remain till the questions in dispute are settled on their merits by a court of competent jurisdiction; and that the said moneys could not be decreed to the defendant without passing on the rights of the other licensers, to wit, the Wheeler & Wilson Manufacturing Company and the said Grover & Baker Sewing-Machine Company, which last-named companies were not and could not be made parties to that suit.

But now so it is, may it please your honors, that the said Grover & Baker Sewing-Machine Company, and the said O. B. Potter, its president, and William O. Grover of Boston in said county of Suffolk, its treasurer, its servants and agents in that behalf designing and intending to aid said Singer Manufacturing Company in collecting and in attempting to collect license fees or patent rents from said Florence Sewing-Machine Company under said license, and in contempt and violation of the injunction and order aforesaid of this honorable court,
35 has and have made the assignment, a copy of which is hereto annexed, marked A, and by means of said assignment have attempted and are attempting, in the name of said Singer Manufacturing Company, to obtain and collect said moneys now in the control of said circuit court, as license fees or patent rent under said license, by a cross-bill filed against the Florence Sewing-Machine Company in said circuit court of the United States for the southern district of New York; which assignment and attempt to collect and obtain said moneys were both prohibited by said injunction; and an attempt has been made to serve said cross-bill on said Florence Sewing-Machine Company by delivering a subpœna to its attorney at Springfield in our county of Hampden, and by delivering a copy of said cross-bill to William B. Hall, the president of said Florence Sewing-Machine Company, at Northampton in our county of Hampshire, on or about the twenty-second day of December, A. D. 1871, with a notice to appear in said circuit court on the first Monday of February next.

Wherefore the said Florence Sewing-Machine Company, which is

greatly injured and endangered by the unlawful acts above recited, prays this honorable court for relief and assistance in the premises; and that a writ of sequestration may issue to put all the real and personal estate of the said Grover & Baker Sewing-Machine Company within the jurisdiction of the court, into the hands of a receiver to be appointed by the court, and to hold and dispose of the same according to the order of the court, as security for and in satisfaction of all damages occasioned by the contempt and disobedience aforesaid, or which may be hereafter occasioned thereby; and that an attachment may issue against the said O. B. Potter and the said William O. Grover, and each of them, for the contempt aforesaid, and that they and the said Grover & Baker Sewing-Machine Company may be justly and duly punished therefor.

THE FLORENCE SEWING-MACHINE COMPANY,
By WILLIAM B. HALL, *President.*
A. L. SOULE,
*Solicitor and of Counsel for Plaintiffs.*

Filed January 27, 1872.

HAMPSHIRE, *ss:*

JANUARY 26, 1872.

Then personally appeared the above-named William B. Hall, known to me to be the president of the Florence Sewing-Machine Company, and made oath that he has read the foregoing petition, by him signed as such president, and understands the contents thereof, and that the statements therein contained are true. Before me.

A. L. SOULE,
*Justice of the Peace for all the Counties.*

A. Be it known that the Grover & Baker Sewing-Machine Company, a corporation established by law of the State of Massachusetts, in consideration of one dollar, and other valuable considerations it thereunto moving, the receipt of which is hereby acknowledged, has
36 sold, assigned, and set over unto the Singer Manufacturing Company, a corporation established by law of the State of New York, all its, the said Grover & Baker Sewing-Machine Company's, right, title, interest, and share in and to all moneys, with the interest accrued and to accrue thereon, heretofore deposited by the Florence Sewing-Machine Company with the clerk of the circuit court of the United States for the southern district of New York, pursuant to the order of said court in a certain cause in equity brought by said The Florence Sewing-Machine Company against the said The Singer Manufacturing Company, on the thirty-first day of December, in the year eighteen hundred and sixty-nine:

To have and to hold all and singular the same to the said The Singer Manufacturing Company, its successors and assigns forever.

In witness whereof the Grover & Baker Sewing-Machine Company has executed this instrument by the hands of its president and treasurer, and caused its corporate seal to be hereto affixed, this fourteenth day of December, in the year eighteen hundred and seventy-one.

GROVER & BAKER SEWING-MACHINE COMPANY,
By O. B. POTTER, *President,*
W. O. GROVER, *Treasurer.*

EXHIBIT A.

U. S. circuit court, southern district of New York.

THE FLORENCE SEWING-MACHINE CO.
*vs.*
THE SINGER MANUFACTURING CO.

To the judges of the circuit court of the United States for the southern district of New York:

Your petitioners respectfully represent unto your honors that they are three several corporations duly created and established according to law: The Singer Manufacturing Co., at New York City, in the State of New York; the Wheeler & Wilson Manufacturing Co., at Bridgeport, in the State of Connecticut, and the Grover & Baker Sewing-Machine Co., at Boston, in the State of Massachusetts.

That they are severally engaged in the manufacture and sale of sewing-machines, and are owners of several letters-patent for improvements in sewing-machines, under which they have granted joint licenses to other parties, and among them, to the Florence Sewing-Machine Co., plaintiffs in this suit, to manufacture and sell machines under their said patents at a stipulated license fee for each machine. The patents under which said licenses have been thus granted are mainly owned jointly and equally by your petitioners, and the license fees received under said license belong to and are owned jointly and equally by your petitioners.

In said licenses one license fee is stipulated and reserved for the improvements contained in all said patents as embodied in the ma-
37 chine licensed, and not separate license fees for each patent, and payment of said fee according to the terms of the license contract to your petitioners or either of them or to their authorized receiver, Geo. Gifford, esq., in payment and satisfaction of all your petitioners' claims under said licenses, as will fully appear from the license contract to the complainants in this case.

On the twentieth day of February, 1868, your petitioners' licensees as aforesaid entered into the license contract set forth in this case with the complainants. Said license contract was made, executed, and delivered at the city of New York, and set forth fully the rights, duties, and liabilities of the parties thereto.

Under said license the license fees for one quarter became due and payable from the complainants to your petitioners on the tenth day of January, 1870, and the complainants neglected and refused to pay the same, whereupon your petitioners became, and were, entitled to all the rights and remedies stipulated in said contract to be reserved to your petitioners for breach of the agreement to pay the license fee as agreed in said license, and, among them, to give notice of the termination of said license, and to terminate the same as therein provided. But thereupon, and while your petitioners were endeavoring to exercise their just and legal rights under said license, by terminating the same, the complainants made application to this honorable court, as appears by their bill filed in this case, that your petitioners, the Singer Manufacturing Co., be enjoined and restrained from exercising their legal rights under said license, to terminate the same, and that the plaintiffs be allowed, instead of paying the license fees under said license to your petitioners, to pay the same into the court to the credit of this suit, and subject to the order of this court, as appears by their said bill. Whereupon, pur-

suant to the prayer of the complainants, the order of this honorable court was made, a copy of which is hereto annexed, marked A.

By said order and injunction of this honorable court, your petitioners were all, as effectually as the Singer Manufacturing Co., enjoined, obstructed, and prevented from exercising their legal rights, and from giving notice to terminate said contract, because no such notice could be effective to terminate said contract unless signed and given by all your petitioners, including the Singer Manufacturing Co., which was held enjoined under said order from participating or joining in said notice and otherwise, as appears by said order.

That the effect of said order has been to protect the complainants in the use of your petitioners' inventions and patents, without and against the consent and will of your petitioners, and without any payment to them for such use, contrary to the rights of your petitioners as secured and agreed between the parties in said license, and thus to accumulate the profits and just income from your petitioners' patents in the hands of this court; and your petitioners have been denied the payment thereof or of any part thereof during more than one year, while they have thus been held restrained under the power of this honorable court.

Your petitioners are all equally and jointly interested the license fees which have been paid into court under the above-named order,
38 and any disposition which this honorable court shall make of the fund thus accumulated will affect equally the rights and interest of all your petitioners.

Your petitioners are bound, from the nature of their relations to their other licensees making the same class of machines and using the same inventions which the complainants make and use, to prevent the complainants from securing any unjust and unequal advantage over such other licensees, and to this end to prevent by all legal and proper means the use of their said inventions and patents by the complainants at a less license fee than is at the same time paid by the other licensees for the use of the same inventions in the same class of machines. The proper exercise of this duty will, as your petitioners believe, and as the plaintiffs themselves averred in their bill, bring into question the right of the complainants to sell their machines, and will tend to render, and your petitioners believe will render, the plaintiffs unable to pay their debts; and if the profits and income of your petitioners' patents accumulated in this court against your petitioners' consent, and while they have been held bound under its injunction, shall now be handed over to the complainants, your petitioners believe it will be lost to them through the insolvency or mismanagement of the complainants.

Your petitioners further aver that, under the laws of the State of Massachusetts, the stockholders of a corporation are not liable for the acts or debts of the corporation, and that if the proceeds of your petitioners patents in the hands of this court are now paid to the complainants' corporation, the same may be, and your petitioners believe will be, immediately divided as dividends among the stockholders, and will thus be placed beyond the reach of any judgment or process which can be issued from any court against that corporation.

Your petitioners further represent that to deliver to the complainants the income and profits of their patents thus accumulated in this court, while this court has held your petitioners restrained and enjoined against the exercise of their legal rights, would be to allow the complainants to use the powers of this court to, hold your petitioners restrained while they gathered the profits of your petitioners' inventions, and thus carry away their profits thus gathered without establishing any title thereto.

Your petitioners most respectfully submit that the proceeds of your petitioners' patents paid into court were taken and are held by the court subject to its order, and ought not to be paid to the complainants, as they have failed to establish their right to them or to any portion of them. These proceeds are the stipulated rent of your petitioners' patents, and were ordered paid into court, as your petitioners are informed and believe, because, prima facie, and by the terms of the contract under which they became due, they belonged to your petitioners until the complainants should establish title thereto.

Your petitioners understood and believe that it was the intent of this honorable court, in assuming to take and hold this patent rent during the exercise of its powers in enjoining your petitioners as aforesaid, upon the prayer of complainants, to prevent the rights of your petitioners being put in peril, and that the rent should be held sub-
39 ject to the order of the court, to indemnify your petitioners against any damage or injury which might otherwise result from its injunction; and that if the court now hand over these proceeds to the plaintiffs before any claim to it has been shown by them, will be contrary to the intent and purpose of this court in granting said order, and contrary to the intent and understanding of all the parties when said order was passed, and will inflict great loss and damage upon your petitioners.

Your petitioners therefore humbly pray that this honorable court will order and direct that the patent rent in its custody in this case be paid to the defendants therein, or to the receiver of your petitioners, Geo. Gifford, esq., as provided in said license contract, or for such further or other relief as to this court shall seem meet; your petitioners hereby tendering to this court full releases or receipts for said moneys in such form as this court may direct.

THE SINGER MANUFACTURING CO.,
By INSLEE A. HOPPER, *Pres't.*
WHEELER & WILSON M'F'G CO.,
By N. WHEELER, *Pres't.*
GROVER & BAKER S. M. CO.,
By O. B. POTTER, *Pres't.*

UNITED STATES OF AMERICA,
*Southern District of New York, ss:*

On this fourteenth day of January, 1871, before me personally appeared Inslee A. Hopper, Orlando B. Potter, and Nathaniel Wheeler, who, being by me severally duly sworn, each for himself says, that he has read the foregoing petition, subscribed by him, and that the same is true to his own knowledge, except as to the matters therein stated on information and belief; and as to those matters he believes it to be true; and further, that Inslee A. Hopper is president of the Singer Manufacturing Co., Orlando B. Potter is president of the Grover & Baker S. M. Co., and Nathaniel Wheeler is president of the Wheeler & Wilson Manufacturing Co.

WM. CLITUS WITTER, [SEAL.]
*Notary Public N. Y. Co.*

EXHIBIT B.

U. S. circuit court, southern district of New York. In equity.

THE FLORENCE SEWING-MACHINE CO.
*vs.*
THE SINGER M'F'G CO.

SIR: Please take notice that, on the 24th day of January, 1871, at eleven o'clock in the forenoon of that day, a petition in the above-
40 entitled suit will be presented to this court or to one of the judges thereof, at the court-room of said court, No. 41 Chambers street, in the city of New York, and that a motion will be then and there made to grant the prayer of said petition.

Yours, &c.,

GEO. GIFFORD,
*Defendant's Solicitor, 34 Beach St., N. Y.*

Dated New York, January 19, 1871.

To A. L. SOULE, Esq., *Complainants' Solicitor.*

EXHIBIT C.

Whereas there is now deposited in the custody of the circuit court of the United States for the southern district of New York, in the suit in equity of the Florence Sewing-Machine Company vs. The Singer Manufacturing Company, now pending therein, a large sum of money, to wit, about ninety thousand dollars, one third of which would have belonged to the Grover & Baker Sewing-Machine Company if it had not absolutely and finally assigned all its right, title, and interest therein to said Singer Manufacturing Company:

Now, therefore, in consideration of the premises, of one dollar to it in hand paid, and of other sufficient and valuable considerations, the existence of which are hereby acknowledged, the said Singer Manufacturing Company hereby covenants and promises with and to said Grover & Baker Sewing-Machine Company, its successors and assigns, to pay it and them a sum equal to one-third part of whatever sum or sums of money it shall ever receive by virtue of any order of court or otherwise out of or from said deposited sum as soon as realized, after deducting a sum equal to all expenses of recovering the same. But it is hereby expressly declared and distinctly understood that nothing herein contained shall be deemed to give to the Grover & Baker Sewing-Machine Company any right whatever in the said fund or any control over the same, or of the litigation by which the same shall be attempted to be recovered.

In witness whereof the said Singer Manufacturing Company has executed this instrument by the hand of its vice-president thereunto duly authorized, and caused its corporate seal to be hereunto affixed, this fourteenth day of December, A. D. 1871.

THE SINGER M'F'G COMPANY,
By GEO. R. MCKENSIE, [SEAL.]
*Vice-President.*

41 EXHIBIT.

This agreement, made December first, A. D. 1869, by and between the Wheeler & Wilson Manufacturing Company and the Singer Manu-

facturing Company, parties of the first part, and the Davis Sewing-Machine Company of Watertown, N. Y., party of the second part, witnesseth:

First. The parties of the first part covenant and agree to manufacture at Watertown, New York, and to sell and deliver to the party of the second part, at its place of business in Watertown aforesaid, thirty thousand sewing-machines, complete, substantially like the present Davis sewing-machine, so called, now being manufactured by said party of the second part, at Watertown aforesaid, within two years from the first day of January, 1870, in all respects according to, and fully equal, in every respect, to the sample machine, to be hereafter, and as soon as may be, furnished as a guide by the party of the second part; ten thousand of said machines are to be manufactured and delivered within the first year, and as fast as the capacity of the factory, and the necessary changes in the machinery and tools therein, and to be added thereto, will permit; and the balance of said machines, twenty thousand, are to be manufactured and delivered within the second year; such manufacture and delivery to be in equal quantities each month, as near as may be, to the full end of the term of this contract.

But it is expressly agreed and understood, that such sample machine shall not contain or use any more or other of the patents owned by said Wheeler & Wilson Manufacturing Company, the Singer Manufacturing Company, and Grover & Baker Sewing-Machine Company, or either of them, than the present Davis machine contains and employs, nor shall it use any of the patents of said three companies, or the improvements contained therein, by any other mechanical construction thereof, or to any greater extent or degree, than the same are now employed and contained in the present Davis machine, deposited as a "specimen machine," with the three companies as licensers, except the Johnson needle-feed patent.

Second. The parties of the first part are to have the benefit, for the term of this contract, of the present lease to and now held by the party of the second part, of its factory at Watertown, and pay the rent therefor, according to the terms thereof, and subject to the conditions therein expressed; and they are also to have the use of all the machinery, fixtures, and tools now in said factory, owned by the party of the second part, and are to return such machinery, fixtures, and tools, at the termination of this contract, to the party of the second part, in as good condition as when received; the ordinary wear under proper management and destruction by the elements excepted.

Third. The parties of the first part are to take immediate possession of said factory, and, at the earliest practicable moment, thoroughly organize and systematize the mechanical department of the business, with special tools and fixtures for the perfect and economical
42 production of the machine, and upon a basis similar to that established in the Wheeler & Wilson Sewing-Machine works, at Bridgeport, Connecticut, by which the various corresponding parts of said machines, so far as practicable, are to be made interchangeable, and to that end the parties of the first part are to make standard gauges therefor, and also two sets or duplicates thereof, one of which sets of duplicates shall be delivered to the party of the second part, and the original gauges are to be kept for the common use or reference of both parties.

Fourth. The parties of the first part agree, as soon as may be, to make a descriptive catalogue of the different parts of said machine, consecutively numbered, and with the price attached to each, at which price extra parts shall be furnished by them to the parties of the second part,

which prices shall be in proportion to the cost each part bears to the cost of the whole machine, the aggregate price of all parts to be equal to the current contract price for the whole machine.

Fifth. At the termination of this contract, the parties of the first part agree to deliver, without charge, to the party of the second part, all the special tools, fixtures, and gauges specially adapted to and used in construction of the said Davis sewing-machine by them, and in the making of tools therefor.

Sixth. The parties of the first part agree, at the time of taking possession under this contract, to take of the party of the second part all stock then on hand, and all unfinished machines and parts of machines in process of construction and suitable for future use, (except those in process of construction by J. A. Ames, under his contract with the party of the second part,) in the factory, at an agreed price, or the appraisal of disinterested parties, each party to this contract to select one, and the two thus selected to select a third; and the amount agreed upon, or the appraisal of two of the three appraisers, is to be credited to the party of the second part, upon the first payment under this contract.

At the termination of the contract, all stock then on hand at the factory, and all unfinished machines and parts of machines in process of construction and suitable for future use, are to be taken by the party of the second part in the same manner and to be paid for in the same manner and upon the same terms as is provided in this contract for monthly deliveries of finished machines.

Seventh. The parties of the first part shall make such changes and improvements in the Davis machine as the party of the second part shall direct, so long as the leading characteristics of that machine—that is to say, a needle-feed, made according to the Johnson needle-feed patent, and reciprocating shuttle—are adhered to, and no conflict is made thereby with other parties with whom the parties of the first have contracts. But it is expressly understood and agreed that if the changes and improvements called for require the use of any patents jointly owned or controlled by the Wheeler & Wilson Manufacturing Co., the Singer Manufacturing Co., and Grover & Baker Sewing-Machine Co., by any mechanical construction thereof, or to any greater ex-
43 tent or degree than the same are now used in the construction of the present Davis machine, deposited as aforesaid, the improvements or changes shall not be made unless nor until the parties of the second part have first obtained the joint assent in writing of all said three companies to the use of such patents in the manner proposed. And if said changes or improvements require the use of any patent or improvement owned by either of said three companies, by any other mechanical construction thereof, or to any greater extent or degree than the same are now used in the construction of the present Davis machine, deposited as aforesaid, the improvements and changes shall not be made unless nor until the written license of the company owning such patent or patents or improvements shall have been obtained of such company.

In case such improvements or changes increase or diminish the cost of producing a machine over twenty-five cents, such increase or diminution, in excess of twenty-five cents, shall be added to or credited upon the contract price, as the case may be. If such changes delay the production of machines, the time herein agreed upon for delivering the thirty thousand machines shall be correspondingly extended.

Eighth. In the event of the destruction of the factory by fire, flood, or otherwise, or its machinery, so as to prevent the manufacture of ma-

chines, the parties of the first part are not to be required to furnish any machines under this contract until the factory can be repaired or rebuilt and furnished with machinery, or another obtained and equipped, and shall not be liable to any damages for breach of this contract during such time; and the term of this contract shall thereupon be correspondingly extended.

Ninth. The party of the second part agree to take the said machines to be manufactured by the parties of the first under and pursuant to this contract, from time to time as manufactured and delivered as above provided in this contract, and pay therefor, monthly, at the expiration of each month, twenty dollars per machine, by its notes at four months from average date of deliveries, payable at bank in Watertown, in or with exchange on New York.

Tenth. In the mean time, and until the sample machine above referred to shall be prepared and furnished, and the tools for making the machines under this contract are ready, the parties of the first part are to manufacture and deliver the machines as now constructed by the parties of the second part, according to the specimen machine deposited as aforesaid; a sample machine, as now made by the parties of the second part, to be furnished to them at the time the parties of the first take possession.

Eleventh. The term "machine," as herein used, is understood to comprise the stand, machine proper, shuttle, four bobbins, screw-driver, two hemmers, guide, oiler, one dozen assorted needles, spooler and belt.

Twelfth. The parties of the first part are to put on so many of the machines, from time to time, as the party of the second part may want, the heavy or manufacturing hand or balance wheel, and the wire staple in the needle-bar, a sample of which balance wheel and staple are with the sample machine.

44 Thirteenth. The parties of the first part are to give satisfactory guarantors to the parties of the second part for the due and faithful performance of this contract on their part; and the present directors of the party of the second part, with Norris Winslow, of Watertown, are to guarantee to the parties of the first part the due and faithful performance of this contract on the part of the party of the second part.

Fourteenth. The parties of the first part are hereby licensed to use all patents belonging to the party of the second part necessary to the construction of machines and attachments thereto under this contract, during its continuance; but the parties of the first part shall not sell any of said machines, or any of the parts thereof, made under this contract, to any other party or parties than the party of the second part.

Fifteenth. The parties of the first part shall have the right, at the expiration of said two years, or after the delivery of the thirty thousand machines provided for by this contract, to continue to build, as long as they desire so to do, all the Davis sewing-machines the party of the second part require in their business; but they shall receive in payment therefor ten per cent. above the actual cost, and no more. If the party of the first part elects to continue the manufacture, they shall give thirty days' notice in writing of such intention, and shall thereby be bound to continue the manufacture of machines until they shall give thirty days' notice in writing of their intention to cease manufacture and end this contract.

Sixteenth. The party of the second part shall not advertise, or allow its agents to advertise, that the Davis machine is built by the Wheeler & Wilson Manufacturing Co. or the Singer Manufacturing Co., after the fact of such advertisement by an agent is brought to its notice by the parties of the first part.

Seventeenth. After January 1, 1872, when the parties of the first part cease to manufacture the Davis machine, the party of the second part shall from that time have and receive from the Wheeler & Wilson Manufacturing Co., the Singer Manufacturing Co., and Grover & Baker Sewing-Machine Co., a license for said machine as the same is authorized to be constructed according to this contract, and not otherwise, identical in all respects with the license heretofore given said Davis Co. by said three companies, dated October first, A.D. 1868, except that there shall be no limitation to the number of machines they may manufacture, and no license fee shall be charged therefor.

This article is not intended to, and shall not, restrict the right of the Davis Co. to make changes in the size, shape, style or finish of their machines, provided such changes do not infringe any patents not included in this contract owned by the said three companies or either of them, or imitate the machines manufactured by them or either of them, or their licensees.

A duplicate sample of the machine the parties of the first part are to build for the party of the second part, is to be supplied without cost to the Grover & Baker Sewing-Machine Co., to be kept and owned by said company, before any machines different from the present Davis machine, deposited as aforesaid, are built under this contract.

45 Eighteenth. Officers of Davis Sewing-Machine Co. shall have free and uninterrupted access to factory at all reasonable times.

Nineteenth. A free license is hereby granted to the Davis Sewing-Machine Co. of Watertown, N. Y., to make, use, and vend, with their machines, but not otherwise, the following attachments, to wit, hemmers, guides, fellers, corders, braiders, and binders, so far as the parties of the first part, jointly or severally, have the right to make, use and vend the same, and, jointly or severally, have power to grant such license by reason of ownership of patents relating thereto, during present and extended terms of such patents.

In witness whereof the said companies have executed this instrument by the hands of their respective presidents, the day and year aforesaid.

THE DAVIS S. M. CO. OF WATERTOWN, N. Y.,
By W. IVES, *Pres't.*
WHEELER & WILSON MF'G CO.,
By N. WHEELER, *Pres't.*
THE SINGER MF'G CO.,
By INSLEE A. HOPPER, *Pres't.*

NEW YORK, *Dec.* 1, 1869.

The Grover & Baker Sewing-Machine Company joins in this contract to the extent of the covenants and undertakings therein contained, to be performed by or toward said company, and no further.

GROVER & BAKER S. M. CO.,
By O. B. POTTER, *Pres't.*

Copy. Attest:

GEO. W. NICHOLS, *Ass't Clerk.*

46 EXHIBITS.

In the circuit court of the United States. In equity.

To the honorable judges of the circuit court of the United States for the southern district of New York:

The Florence Sewing-Machine Company, a corporation established by the laws of the Commonwealth of Massachusetts, at Northampton, in

said Commonwealth, brings its bill of complaint against the Singer Manufacturing Company, a corporation established under the laws of the State of New York, at the city of New York, in said district.

And thereupon your orator complains, and says that your orator is a corporation under the laws of the State of Massachusetts, at Northampton, in the county of Hampshire, in said State; that, on the twentieth day of February, in the year of our Lord one thousand eight hundred and sixty-eight, your orator was, and for a long time before had been, and ever since has been, and still is, engaged in the business of manufacturing sewing-machines for sale, and selling the same in various parts of the United States and in Europe, and there employed, and still employs, a large capital in said business, invested partly in land and buildings, and partly in stock, tools, and machinery.

Your orator further shows that the requirements of the business of selling sewing-machines are such that the retailers of said machines are obliged to invest a large amount of capital in machines, and in the notes and obligations of purchasers, and that any interruption of the sale of the machines manufactured by your orator, arising from any fear on the part of the public that said machines were made or sold in violation or infringement of the rights secured to any parties, other than your orator, by letters-patent of the United States, would be productive of a great and ruinous loss and injury, not only to your orator, but also to those persons who had purchased said machines from your orators for the purpose of selling them again, of which persons the number in the United States is very large.

Your orator further shows that the sewing-machines heretofore and now manufactured by it, contain, embody, and use, among other patented inventions, the inventions secured by and described in the reissued letters-patent to Allen B. Wilson, numbered 346 and 414, and dated, respectively, January 22d, 1856, and December 9th, 1856.

47 Your orator further shows that, on said 20th day of February, A. D. 1868, the Grover & Baker Sewing Machine Company, a corporation established under the laws of Massachusetts, at Boston, in said Massachusetts; the Wheeler & Wilson Manufacturing Company, a corporation established under the laws of the State of Connecticut, at Bridgeport, in said Connecticut; and the Singer Manufacturing Company, a corporation established under the laws of the State of New York, at the city of New York, owned and controlled, and ever since have owned and controlled, and still own and control, either jointly or separately, and holding either the legal title or the beneficial interest therein, the said letters-patent, and divers other letters-patent of the United States, for inventions of improvements in sewing-machines, and did, by their instruments in writing, dated on said 20th day of February, A. D. 1868, a copy of which is hereto annexed, marked A, and made a part of this bill of complaint, in consideration of certain patent rent, or license fees therein reserved, and of the covenants of your orators therein contained, according to their respective power and authority so to do, severally authorize and license your orator to manufacture, use, and vend for use the inventions contained and described in said re-issued letters-patent numbered 346 and 414, and divers other inventions described in divers other letters-patent, as is fully in said instrument in writing set forth, so far as the same or any of the said inventions are contained in the sewing-machines heretofore or now manufactured by your orator, and did, by said instrument in writing, agree with your orator that no other license for a drop-feed shuttle sewing-machine, using two threads, should, after the execution of said instrument

in writing, be granted by said licensers, the said Grover & Baker Sewing-Machine Company, the said Wheeler & Wilson Manufacturing Company, and the said Singer Manufacturing Company, under the beforementioned patents, at a less patent rent per machine than that reserved in said instrument in writing, without a corresponding reduction in the patent rent in said instrument reserved.

Your orator further shows that the patent rent or license fee reserved in said instrument in writing, commonly known as and called a license, to your orator, was five dollars for each and every machine made and sold for use in the United States, and two dollars for each machine actually exported for use in foreign countries, and not returned to the United States.

Your orator further shows that the said licensers, in the said license to your orators, reserved the right, at their option, to terminate said license, upon thirty days' written notice thereof, for breach of any of the agreements therein contained on the part of your orator, and
48 agreed that otherwise said license shall remain in force until the twelfth day of November, A. D. 1871, and as much longer as your orator shall elect to continue the same.

Your orator further shows that in said license he agreed to render to said licensers, or to such person as they should appoint to receive the same, quarter-yearly, from January 1st, 1868, a true and full account, in writing, of all sewing-machines made or sold by your orator during each quarter successively while said license continues; said returns to contain the number of the machines made or sold, date of sale, and to be verified by the oath of your orator, or the employee having the best means of knowing the truth thereof; and, on or before the tenth day of July, October, January, and April, of each successive year, your orator agreed to pay said licensers, or their duly authorized receivers, the said patent-rent for each and every sewing-machine which shall have been made or sold by your orator during the last preceding quarter year, and which shall not have been before paid for.

Your orator further shows that, hoping and supposing that the said licensers had dealt and were dealing fairly and honestly with your orator under said license, and that they had not violated any of the provisions of it, and that they had not granted any other license under the patents in said license mentioned, for a drop-feed shuttle sewing-machine, using two threads, at a less patent rent per machine than is reserved in said license to your orator, has made all the returns called for by said license, and has paid a patent rent or license fee to said licensers, through their receiver named for the purpose in said license, for all the machines made or sold under said license prior to the first day of October, A. D. 1869, of five dollars for each sewing-machine not actually exported for use in foreign countries, *and not returned to the United States*, and two dollars for each machine actually exported for use in foreign countries and not returned to the United States; and your orator has in all other respects done and performed all the things incumbent on your orator under the license aforesaid.

But so it is, may it please your honors, that the said licensers, the said Grover & Baker Sewing-Machine Company, the said Wheeler & Wilson Manufacturing Company, and the said Singer Manufacturing Company, combining and confederating together for the purpose of defrauding your orator of its money and property, did, on the first day of October, A. D. 1868, by their license, an instrument in writing, a copy of which, marked B is hereto annexed and made a part of this bill, in consideration of the sum of twenty thousand dollars, authorize and li-

cense the Davis Sewing Machine Company, a corporation, a firm, doing business at Watertown in the State of New York, to manufacture, use, and vend for use the invention described in letters-patent granted to William H. Johnson, March 7, 1854, re-issued February 26, 1856, No. 355, and duly extended April 15, 1867, upon sewing-machines not exceeding fifty thousand in number, of the kind and like the one deposited with the licensers, and marked "Davis Sewing-Machines," and no others, to be built at their shop in Watertown aforesaid. And the said licensers, by a writing, a copy of which, marked "C," is hereto annexed and made a part of this bill, agreed and assented to the assignment of this license by the Davis Sewing-Machine Company to the Davis Sewing-Machine Company of Watertown, New York; and in said license to said Davis Sewing-Machine Company, the said licensers did also respectively agree that they will not, while the same remains and in force and is performed on the part of the licensee in it named, make any further claim of license fees from said licensee under any other patents which they did then, or might thereafter, own or control, for making or selling sewing-machines like said specimen Davis machines.

Your orator further shows that said specimen Davis machine contained the inventions described and contained in divers letters-patent, owned and controlled by said licensers, other than said letters-patent issued to said Johnson; and especially that said machine contained the inventions described in and secured by said re-issued letters-patent to Allen B. Wilson, numbered 346 and 414, respectively, and was, and is, a drop-feed shuttle sewing-machine using two threads; and that, before said first day of October, A. D. 1868, the said licensers had applied for and obtained, from the justices of the circuit court of the United States for the northern district of New York, a decree enjoining the said Davis Sewing-Machine Company against making, using, or selling sewing-machines substantially like said specimen Davis machine, because the same infringed said letters-patent, numbered 346 and 414; and ever since the said first day of October, A. D. 1868, until the signing of the bill, the said Davis Sewing-Machine Company and the said Davis Sewing-Machine Company of Watertown, New York, under and by virtue of said license, to them granted and assigned as aforesaid, have sold said Davis sewing-machines like said specimen machine, and embodying and containing said patented inventions, in competition with your orator, and to the great detriment and injury of your orator in the prosecution of its said business. And the said licensers, well knowing that said Davis machine was and is a drop-feed shuttle sewing-machine, using two threads, and intending to defraud your orator by keeping your orator in ignorance of the terms of said license to said Davis Sewing-Machine Company, carefully concealed the same and the terms thereof from your orator, and caused and compelled the officers of said Davis Sewing-Machine Company to agree and promise not to divulge the terms of said license, but to keep the same inviolably secret; and your orator, though it applied to the receiver aforesaid, appointed by said licensers, and to said officers of said Davis Sewing-Machine Company, for information as to the terms of said license to said Davis Company, could not obtain any information in relation thereto, by reason of said careful concealment, and by reason of said promise and agreement by said officers to keep the same secret until some time in the month of November, 1869.

Your orator further shows that, in accordance with and by virtue of the provisions in said license to your orator, your orator is entitled to have the patent rent in license fee under said license reduced to the

sum and rate of forty cents for each and every machine made or sold by your orator under said license, after the said first day of October, A. D. 1868, by reason of the said license being given by the said licensers to the said Davis Sewing-Machine Company, to make and sell fifty thousand drop-feed shuttle sewing-machines, using two threads, for and in consideration of the license fee of twenty thousand dollars as aforesaid.

Your orator further shows that, as patent rent under said license to orator on sewing machines made and sold said first day of October, A. D. 1868, your orator has paid to said licensers, through their said receiver, at the rate of five dollars for each machine not exported, in money, sixty-three thousand nine hundred and twelve dollars, as patent rent on thirteen thousand two hundred and eleven machines; whereas, in truth and honesty, the said licensers were entitled, under said license to your orator, as modified by said license to the said Davis Sewing-Machine Company, to receive a patent rent for and on said machines the sum of forty cents only, on each of said machines, amounting, in all, to the sum of five thousand two hundred and eighty-five dollars and forty cents. And your orator avers that the said licensers have been paid by your orator the sum of fifty-eight thousand six hundred and twenty-seven dollars and sixty cents, more than the whole amount of patent rent heretofore due under said license.

Your orator further shows that, in the month of November, A. D. 1869, it paid the said receiver appointed by said licensers, as aforesaid, the sum of nineteen thousand seven hundred and fifty-eight dollars, which was claimed by said receiver and by said licensers to be due under said license to your orator, as patent rent or license fees on machines made and sold in the quarter year ending on the thirtieth day of September, A. D. 1869, and that your orator paid said last-named sum, believing and protesting that the same was not due or owing under
51 said license, and because the said licensers, through their receiver, threatened that, unless the same were paid, they would give notice of the termination of said license, and publish abroad the statement that the same was terminated, and the rights of your orator thereunder were forfeited.

And your orator had hoped, when it learned the terms and effect of the said license to the said Davis Sewing-Machine Company, and pointed out to said licensers the effect thereof upon the said license to your orator, that said licensers would reduce the rent reserved in said license to your orator, voluntarily and without the ruling the court thereto, and would have accounted with your orator and repaid the sums overpaid by your orator as aforesaid.

But so it is, may it please your honors, that the said licensers, falsely pretending that the said license to the said Davis Sewing-Machine Company does not entitle your orator to a reduction of patent rent under the said license to your orator, insist and assert that your orator has paid only the sums due from your orator under said license; and intending still further to defraud your orator, claim and demand that your orator still continue to pay patent rent under said license at the rate of five dollars for each machine used in the United States, and two dollars for each machine exported for use in foreign countries; and said licensers declare and threaten that, if your orator shall refuse to pay patent rent under said license, at said rates, the said licensers will give notice, in writing, to your orator, of their election to terminate said license in thirty days, and will publish and circulate the statement that said license had been terminated.

And your orator further shows that your orator is ready and willing

to pay all sums which shall fall due under said license, if any, as patent rent, and is ready, and hereby offers to deposit with such receiver as the court shall name, all such sums as the patent rent under said license, at the rate of five dollars per each machine not exported, and two dollars per each machine exported would amount to, for each and every quarter year which shall expire during the pendency of this suit, at the times when the same would fall due under said license as originally framed; the said sums to be held by such receiver subject to the order of the honorable court, and to await the final decree in this suit. But your orator avers, nevertheless, that said licensers have been largely overpaid under said license to your orator as aforesaid, and are entitled to receive only forty cents for each and every machine made or sold under said license since said first day of October, A. D. 1868, and that said licensers are bound to refund to your orator the amount which has been overpaid to them as aforesaid, or to hold the same in trust for your orator, to
52 be applied in payment and satisfaction of all sums that may hereafter accrue and become payable from your orator to them for such patent rents at the rate of forty cents for each machine for which rent may hereafter become payable under the contract aforesaid.

Your orator further shows that it is informed and believes that, since your orator learned the existence and terms of said license to said Davis Sewing-Machine Company, and claimed of said licensers that the license to your orator is modified thereby, as aforesaid, the said licensers intending and combining to defraud your orator, have made and entered into some new contract with said Davis Sewing-Machine Company of Watertown, New York, either directly or through the intervention of some person or persons to your orator unknown, for the purpose of evading the said effect of said license to said Davis Company upon the license to your orator, and of preventing your orator from enjoying the benefit to which it is entitled by reason of said license to said Davis Company. And your orator is unable to learn the terms of, or parties to, the said new contract, although it has applied, through said receiver appointed by said licensers, to said licensers for information as to what, if anything, has been done in the premises.

Your orator further shows that the said Wheeler & Wilson Manufacturing Company is a corporation established under the laws of the State of Connecticut, at Bridgeport in said State, and that the Grover & Baker Sewing-Machine Company is a corporation established under the laws of the Commonwealth of Massachusetts, at Boston in said Commonwealth, and your orator does not make said two corporations last named parties to the bill of complaint, because they are not citizens of nor created by the laws of the State of New York, and this honorable court, sitting for the southern district of New York, has no jurisdiction over them, nor either of them.

In consideration whereof, and forasmuch as your orator is entirely remediless in the premises, according to the strict rules of the common law, and can have relief only in a court of equity, where matters of this nature are properly cognizable and returnable; to the end, therefore, that the said Singer Manufacturing Company may full, direct, and perfect answer make to all and singular the premises, as fully and particularly as if the same were hereinafter repeated and the defendant distinctly interrogated thereto; and especially may discover and set forth fully, and by copy, what new contract, if any, the said licensers have made with the said Davis Sewing-Machine Company of Watertown, New York, either directly or through the intervention of any person or persons in relation to making or selling said Davis sewing-machine,

and that the said defendant, the Singer Manufacturing Company, may be ordered to reduce the patent rent reserved in said license to
53 your orator, to the sum of forty cents for each and every machine made or sold by your orator under said license after the said first day of October, A. D. 1868, and may account with your orator for and pay over to your orator the sums received by said licensers under said license, and to which they were not entitled, and may not claim or demand of your orator any other or further sums under the said license to your orator, than would be due thereunder at the rate of forty cents for each machine made or sold since the first day of October, 1868, and not already paid for as aforesaid; and that your orator may not be disturbed nor interfered with in your orator's business during the pendency of this suit; and that your orator may have such further relief in the premises as the nature of the case shall require and to your honors shall seem meet:

May it please your honors to grant unto your orator not only your most gracious writ of injunction, to be directed to the said Singer Manufacturing Company, to restrain the defendants, its servants, agents, and confederates, and each of them, from giving notice, during the pendency of this suit, to your orator, of their option, or purpose, or election to terminate said license to your orator, and from attempting to collect license fees or patent rent from your orator, until further order of the court, but also the writ of subpœna issuing out of and under the seal of this honorable court, directed to the said defendant, commanding it by a certain day, and under a certain penalty, to be and appear in this honorable court, then and there to answer the premises, and to stand to and abide such order and decree as may be made against it.

And your orator will ever pray.

(Signed) THE FLORENCE SEWING-MACHINE CO.,
By WILLIAM B. HALE, *President.*

A. L. SOULE,
*Solicitor and of Counsel for Complainants.*

54 *Cross-bill.*

In the circuit court of the United States. In equity.

To the honorable the judges of the circuit court of the United States for the southern district of New York:

The Singer Manufacturing Company, a corporation duly established by and according to the laws of the State of New York, and having a place of business in the State of New York, files this cross-bill against The Florence Sewing-Machine Company, a corporation established by the laws of the Commonwealth of Massachusetts, at Northampton, in said Commonwealth.

And thereupon your orator complains and says that, on the 20th day of February, in the year 1868, your orator was, and ever since has been, and still is, the equitable owner, with the Wheeler & Wilson Manufacturing Company, a corporation established by a special law of the State of Connecticut, and the Grover & Baker Sewing-Machine Company, a corporation established under the laws of the State of Massachusetts, of certain letters-patent of the United States, particularly of two re-issued letters-patent for improvements in sewing-machines, to Allen B. Wilson, Nos. 346 and 414, dated respectively January 22d, 1856, and December 9th, 1856, both extended on the 8th day of November, 1864, for a term of seven years from and after the expiration of the first terms thereof.

That, on said twentieth day of February, in the year eighteen hundred and sixty-eight, your orator united with said Wheeler & Wilson Manufacturing Company, and said Grover & Baker Sewing-Machine Company, in a joint license in writing, under said re-issued letters-patent Nos. 346 and 414, and others, owned jointly by said three companies, or severally by one of them, in a license to said Florence Sewing-Machine Company to manufacture, use, and vend for use, the inventions described in said letters-patent so far as the same, or any of them, were contained in the specimen sewing-machine that day deposited with the receiver of the licensers, a copy of which license is hereto annexed, marked A, and made a part of this cross-bill of complaint.

Your orator further shows that it was owner, and entitled to have and receive one-third part, of all the patent rents which should become due according to the terms of said license, while it remained in force, the remaining two-thirds belonging in equal parts to said Wheeler & Wilson Manufacturing Company and said Grover & Baker Sewing-Machine Company.

Your orator further shows that, on the 31st day of December, 1869, the said The Florence Sewing-Machine Company filed in this court its bill in equity against your orator, in which it averred in substance as follows.

That it was a corporation established in Massachusetts, as hereinbefore alleged.

That, on said 20th day of February, 1868, it was, and for a long time had been, and still was, manufacturing sewing-machines and selling them in this country and Europe, employing a large capital in its business.

That retailers of said machines were obliged to invest a large capital therein, and in notes and obligations of purchasers, and any interruption of sales thereof, arising from public fear that they infringed letters-patent belonging to other parties, would produce great injury to the manufacturers and many purchasers thereof.

That said machines used the inventions described in the re-issued letters-patent to Allen B. Wilson, hereinbefore recited.

That said license was issued on the twentieth day of February, 1868, as by your orator herein before averred, and that by said instrument the licensers therein agreed that no other license for a drop-feed shuttle sewing-machine using two threads should thereafter be granted under the letters-patent named therein at a less patent rent per machine than that reserved in said instrument, without a corresponding reduction in the patent rent in said instrument reserved, which was five dollars for every machine made and sold for use in this country, and two dollars for each machine actually exported for use abroad, and not returned to the United States; the licensers reserving the right to terminate the license upon thirty days' written notice for breach of any of the agreements therein on the part of the licensee, but agreeing that otherwise it should remain in force until November 12th, 1871, and as much longer as the licensee elected.

That the licensee agreed therein to render to the licensers, or such receiver as they appointed, quarter-yearly from January 1st, 1868, a true and full account in writing, verified by the oath of the licensee or an employee having the best means of knowing, of all sewing-machines made or sold by the licensee during each quarter successively, and on or before the tenth day of July, October, January, and April of each year, to pay the said patent rent for every sewing-machine made or sold by the licensee during the last preceding quarter, not before paid for.

That said licensee, the complainant therein, supposing that the licensers had not granted any other license under said patents for a drop-feed shuttle sewing-machine using two threads, at a less patent rent than that reserved in said license, had made all the returns and
56 paid the patent rent before specified for all machines made or sold under said license prior to the first of October, 1869, and had in all respects performed all things incumbent on the licensee to perform.

But that said licensers, confederating to defraud the licensee of its money and property, did, on the first day of October, A. D. 1868, by their license, in writing, a copy of which was annexed and made a part of the bill, in consideration of twenty thousand dollars, license The Davis Sewing Machine Company, doing business in Watertown, in the State of New York, to use the invention described in re-issued letters-patent to William H. Johnson, number 355, dated February 26th, 1856, upon sewing-machines not exceeding fifty thousand in number, like the one deposited with them marked "Davis Sewing-Machine," to be built at their shop in said Watertown, and subsequently assented in writing to the assignment thereof to the Davis Sewing-Machine Company of Watertown, New York, having agreed therein that while it remained in force, and was performed on the part of the licensee, they would not make any further claim of license fees from said licensee under any other patents which they did then, or might thereafter own or control, for making or selling sewing-machines like said Davis machine.

That said Davis machine contained the inventions described in divers other letters-patent owned and controlled by said licensers, and especially those described in said re-issues to Allen B. Wilson, numbers 346 and 414, and was a drop-feed shuttle sewing-machine using two threads; that before said first day of October, A. D. 1868, they had obtained from the justices of the circuit court of the United States a decree enjoining said Davis Sewing-Machine Company against making, using, or selling sewing-machines substantially like said Davis specimen machine, because the same infringed said re-issues; that ever since then, said company and its assignee, by virtue of said license, had sold said Davis sewing-machines, containing said patented inventions, in competition with said The Florence Sewing-Machine Company, complainant, to its great detriment in the prosecution of its said business; that licensers, well knowing that said Davis machine was a drop-feed shuttle sewing-machine using two threads, and intending to defraud said The Florence Sewing-Machine Company, carefully concealed said license and its terms, and compelled the officers of said Davis Sewing-Machine Company to promise not to divulge the same, and said The Florence Sewing-Machine Company could not obtain any information in relation thereto by reason of said concealment and promise until November, 1869.

That, by virtue of the provisions of said license of February 20th, 1868, it, as licensee named therein, was entitled to have the patent rent, reserved in said license, reduced to forty cents for every machine made or sold under said license after October 1st, 1868, by reason of said li-
57 cense being given by said licensers to said Davis Sewing-Machine Company to make and sell fifty thousand drop-feed, two-thread, shuttle sewing-machines, in consideration of a license fee of twenty thousand dollars.

That it had paid as patent rent, under said license of February 20th, 1868, on sewing-machines made and sold since October 1st, 1868, to said licensers, at the rate of five dollars for each machine not exported, and two dollars for each machine exported, the sum of sixty-three thousand

nine hundred and twelve dollars, as patent rent on thirteen thousand two hundred and eleven machines, whereas they were entitled to receive under said license, as modified by said license to the Davis Sewing-Machine Company, as patent rent on said machines, the sum of forty cents only per machine, or five thousand two hundred and eighty-four dollars and forty cents in all; and that it had paid the sum of fifty-eight thousand six hundred and twenty-seven dollars and sixty cents more than the whole amount theretofore due.

That, in the month of November, 1869, it paid the receiver appointed by said licensers nineteen thousand seven hundred and fifty-eight dollars, claimed to be due under said license as patent rent on machines made and sold in the quarter ending September 30th, 1869, protesting that the same was not due; and the same was paid because said licensers, by their receiver, threatened, if the same was not paid, to give notice of the termination of said license, and publish that it was terminated, and the rights of the licensee thereunder forfeited.

That it had hoped, when it learned the terms of the said license to the said Davis Sewing-Machine Company, and pointed out to said licensers the effect thereof upon said license of February 20th, 1868, that they would voluntarily reduce the rent reserved therein, and account with it, and repay the sums overpaid as aforesaid.

That said licensers, falsely pretending that said license to the Davis Sewing-Machine Company did not effect a reduction of patent rent under said license of February 20th, 1868, and asserting that only the sums due had been paid, and intending further to defraud, demanded that said The Florence Sewing-Machine Company continue to pay at the rate of two dollars on exported machines, and five dollars on machines not exported, and declared and threatened that if it refused to pay at said rates they would give notice, in writing, of their election to terminate said license in thirty days, and publish that said license had been terminated.

That it was ready and willing to pay all sums which should fall due under said license, and by said bill offered to deposit with such receiver as the court should name, all such sums as the patent rent under said license at the rate of five dollars for each machine not exported, and two dollars for each machine exported, would amount to, for each and every quarter year which should expire during the pendency of that
58 suit at the times when the same would fall due under said license, as originally framed; the said sums to be held by such receiver, subject to the order of the honorable court, and to await the final decree in that suit; but averred, nevertheless, that said licensers had been largely overpaid, and were entitled to receive only forty cents for each machine made and sold under said license of February 20th, 1868, since said first day of October, 1868, and were bound to refund to it the amount overpaid as aforesaid, or to hold the same in trust, to be applied in payment of all sums that might thereafter become payable from it to them for patent rents, at the rate of forty cents for each machine for which rent might thereafter become payable.

That it was informed and believed that, since it learned the terms of said license to the Davis Sewing-Machine Company, and claimed of said licensers that its license of February 20th, 1868, was modified thereby, they, combining to defraud it, made and entered into some new contract with said Davis Sewing-Machine Company of Watertown, N. Y., to evade the said effect of said license to said Davis Company, upon its license of February 20th, 1868, and preventing its enjoying the benefits to which it was entitled by reason of said license to said Davis Company, the terms of,

and parties to, which said new contract it is unable to learn, although it has applied, through said receiver to said licensers, for information.

That the Wheeler & Wilson Manufacturing Company and Grover & Baker Sewing-Machine Company were corporations established, as by your complainant in this cross-bill hereinbefore alleged, and were not made parties to its said bill, because not citizens of, nor created by laws of, the State of New York, and the honorable court sitting for the southern district of New York had no jurisdiction over either of them.

And your orator further shows that the prayer of said bill of complaint of the Florence Sewing-Machine Company against your orator was, that your orator should answer the bill; especially discover and set forth what new contract, if any, said licensers had made with the Davis Sewing-Machine Company of Watertown, N. Y., in relation to making or selling said Davis Sewing-Machines; that your orator be ordered to reduce the patent rent reserved in said license of February 20th, 1868, to the sum of forty cents for each and every sewing-machine made or sold by the said The Florence Sewing-Machine Company after the first day of October, A. D. 1868, and account with and pay over to it the sums received by said licensers under said license to which they were not entitled; and that your orator should not claim or demand of it any other or further sums under said license than would be due thereunder at the rate of forty cents for each sewing-machine made or sold after the first day of October, 1868, and not already paid for; and that it might not be disturbed nor interfered with during the pendency of the suit.

59 And your orator further shows that, subsequently, to wit, on the tenth day of January, 1870, his honor, Judge Blatchford, granted in said cause an injunction and order, a copy of which is hereto annexed, marked B, and made a part of this cross-bill, whereby your orator was restrained from attempting to collect license fees or patent rent under said license of February 20, 1868, on condition that the said The Florence Sewing-Machine Company deposited with the clerk of this court all the moneys which should become due under said license according to the full patent rent reserved therein.

And your orator further shows that, in compliance with said order, the said The Florence Sewing-Machine Company has paid to the clerk of this court as patent rent or license fees falling due under said license of February 20, 1868, according to the terms thereof, the sum of seventy-six thousand seven hundred and ninety-three dollars, which, with the accruing interest thereon, less his commissions therefor, the clerk of this court now holds subject to its order.

And your orator further shows that, on the fourteenth day of December, in the year 1871, the said Wheeler & Wilson Manufacturing Company assigned to your orator all its interest and right in said moneys deposited and held as aforesaid; and that, on the same day, the said Grover & Baker Sewing Machine Company assigned unto your orator all its interest and right in said moneys deposited and held as aforesaid, copies of which assignments, marked "C" and "D," are hereto annexed and made a part of this cross-bill.

And your orator further shows that said bill of complaint was brought to final hearing upon pleadings and proofs before Mr. Justice Woodruff, and an opinion was pronounced therein on the thirtieth day of December, 1870, a copy of which is hereto annexed, marked "E," and made a part of this cross-bill, but no decree was actually entered in pursuance of said opinion, the suit being retained in court by reason of the existence of the aforesaid fund remaining under the control of the court.

And your orator further shows that, on the tweny-fourth day of Janu-

ary, 1871, the said The Florence Sewing-Machine Company gave notice of a motion before the honorable judges of this court for an order that said moneys so held by the clerk of this court be paid to it, and notice of a counter motion that said moneys be paid to your orator was given said company; that said motions were argued before their honors, Mr. Justice Woodruff and Judge Blatchford, on the thirteenth day of January, 1871, and an opinion was pronounced by each, copies of which are hereto annexed, marked "F" and "G," and made a part of this cross-bill.

60 And your orator further avers that said sum of seventy-six thousand seven hundred and ninety-three dollars, paid to and held by the clerk of this court, as hereinbefore alleged, equitably belonged to the licensers named in said license, February 20, 1868, and now belongs, by virtue of the assignments hereinbefore recited and set forth, to your orator, and doth aver and is ready to prove the same.

In consideration whereof, and forasmuch as said sum of seventy-six thousand seven hundred and ninety-three dollars is in the custody and under the control of this honorable court in this cause, and your orator is legally and equitably entitled thereto, your orator humbly prays that the clerk of this court be ordered to pay to your orator said sum of seventy-six thousand seven hundred and ninety-three dollars, with the interest accrued thereon, less such commissions and charges as this court shall deem just and proper, and that your orator may have such further and other relief in the premises as the nature of the case shall require and to your honors shall seem meet.

May it please your honors to grant unto your orator the writ of subpœna issuing out of and under the seal of this honorable court, directed to the said defendant, commanding it by a certain day and under a certain penalty, to be and appear in this honorable court, then and there to answer the premises, and to stand to and abide such order and decree as may be made in this suit.

And your orator will ever pray.

THE SINGER MANUFACTURING COMPANY,
By GEO. R. McKENZIE, *Vice-President.*

S. J. GORDON,
*Solicitor the Singer M'f'g Co.*
GEO. GIFFORD, *of Counsel.*

UNITED STATES OF AMERICA,
*Southern District of New York, ss:*

On this nineteenth day of December, 1871, personally appeared George R. McKenzie, to me personally known to be the vice-president of The Singer Manufacturing Company above named, and being by me duly sworn, did depose and say for and in behalf of said The Singer Manufacturing Company, that he has read the foregoing bill of complaint by him subscribed, and knows the contents thereof, and that the same is true of his own knowledge, except as to the matters therein stated upon information and belief, and as to those matters he believes it to be true.

Before me.

[L. S.]

GEO. H. COLLINS,
*Notary Public, N. Y. Co.*

61 A.

[10-cent U. S. int. rev. stamp, cancelled.]

Articles of agreement made this twentieth day of February, 1868, by and between the "Wheeler & Wilson Manufacturing Company," the

"Grover & Baker Sewing-Machine Company," and "The Singer Manufacturing Company," parties of the first part, and the "Florence Sewing-Machine Company," of the second part, as follows:

First. The parties of the first part, in consideration of the patent rent herein reserved, and the covenants herein contained, do, according to their respective rights and power so to do, severally authorize and license said parties of the second part to manufacture, use, and vend for use, the inventions contained and described in the re-issued letters-patent to Allen B. Wilson, Nos. 346 and 414, dated respectively January 22d, 1856, and December 9th, 1856; to John Bachelder, No. 2125, dated December 12th, 1865; the letters-patent to A. B. Ely, as assignee of Jotham S. Conant, No. 12233, dated January 16th, 1855; the letters-patent to W. P. N. Fitzgerald, No. 12116, dated December 19th, 1854; the re-issued letters-patent to Reuben G. Fairbanks, assignee of Akins & Felthousen, No. 9030, dated April 11th, 1865; the sixth claim of the re-issued letters-patent to the Wheeler & Wilson Manufacturing Company, No. 913, dated February 28th, 1860, and so much of the letters-patent of the Grover & Baker Sewing-Machine Company, No. 9053, dated June 22d, 1852, as relates to the feeding mechanism; the letters-patent to Isaac M. Singer, No. 16030, dated November 4th, 1856, and the first claim in the letters-patent to Isaac M. Singer, No. 12969, dated May 29th, 1855; the fourth claim in the re-issued letters-patent to said Singer, No. 278, dated October 3d, 1854, and the claim for controlling the needle-thread in the patent to said Singer, No. 10974, dated May 30th, 1854, so far as the same or any of them are contained in the specimen sewing-machines this day deposited with the receiver of the licensers, and marked "Florence Machine," and "McCauley Machine," and "Jenks Machine;" and in the form in which said inventions are embodied in said specimen machines, and not otherwise, except said McCauley machine may be made with a drop-feed.

Also, to make, use, and vend, in connection with machines like said specimen machines, the inventions described and contained in the following letters-patent: those to Sherburne C. Blodgett, No. 10386, dated January 3d, 1854; to John B. Nichols, No. 11615, dated August 29th, 1854; to Seth P. Chapin, No. 14283, dated February 19th, 1856; to Geo. C. Munson, No. 181, dated January 22d, 1861.

62

And said licensers also respectively agree that they will not, while this agreement remains in force, and is performed on the part of said licensees, make any further claim of license fees from said licensees under any other patents which they now or may hereafter own or control, covering any of the devices embodied in said specimen machines.

Second. The patent rent shall be five dollars for each and every sewing-machine which shall be made or sold under this license by said licensees while this license remains in force, and the prompt payment thereof shall be at all times adequately secured by said licensees.

Third. Said licensees hereby agree not to make, or be interested in making or selling, the inventions above enumerated, or any of them, in any other form than the same are now embodied in the specimen machine above referred to, nor upon any other machines; and that they will not contest, or encourage, or promote litigation against the sewing machine patents now belonging to any of said licensers, or which shall hereafter belong to any of them.

Fourth. Said licensees agree to manufacture said sewing-machines at their manufactory in Florence, Massachusetts, and nowhere else, without the written consent of said licensers, and to stamp each machine as the law requires, before sale, with the word "patented," the dates of the patents embraced therein, and with the Florence Sewing-Machine Com-

pany's name as makers; and to number each machine consecutively, beginning with number ; and to keep, in suitable books, a true account of all machines made or sold under this license; and to allow either of said licensers, or their agents for that purpose, to fully examine, upon reasonable request, all departments of said manufactory and all books pertaining to said account; each machine to be entered in said book or books as fast as completed or sent from the manufactory.

Fifth. Said licensees hereby agree to render to said licensers, or to such person as they shall appoint to receive the same, quarter-yearly, from January 1st, 1868, a true and full account, in writing, of all sewing-machines made or sold by said licensees during each quarter successively while this license continues; said returns to contain the number of machines made or sold, date of sale, and to be verified by the oath of said licensees or the employee having the best means of knowing the truth thereof; and on or before the tenth day of July, October, January, and April of each successive year, said licensees agree
63 to pay said licensers, or their duly authorized receiver, the said patent rent for each and every sewing-machine which shall have been made or sold by said licensees during the last preceding quarter-year, and which shall not have been before paid for.

Sixth. It is agreed and understood that this license is personal to said licensees, and is not in any way to be divided or assigned or shared with others, without the united written consent of all said licensers, and additional security, if required; but, with such consent and security, it may enure to the benefit of the legal representatives of said licensees.

Seventh. No other license for a drop-feed shuttle sewing-machine, using two threads, is to be granted by said licensers under the before-mentioned patents at a less patent rent per machine without a corresponding reduction in the patent rent herein reserved; and machines of the same pattern are not to be licensed to different parties.

Eighth. Said licensees further agree that they will not make or sell, nor be engaged, directly or indirectly, in the manufacture or sale of any sewing-machine which shall be an imitation or counterfeit, or be made to resemble, in general form and appearance, the design or form of a sewing-machine already licensed and in use by any other licensee under the parties of the first part; and a violation of this provision by the licensees shall, at the election of the licensers, operate, ipso facto, as a revocation and termination of this license.

Ninth. It is agreed and understood that said patent rent shall be two dollars, instead of five dollars, for each machine actually exported for use in foreign countries, and not returned to the United States, and satisfactory proof of such exportation and destination of the exported machines shall be furnished to said licensers before such reduction shall be made; and no machine paid for at such reduced rent shall thereby be authorized to be used in the United States under this license.

Tenth. It is agreed that said licensers reserve the right, at their option, to terminate this license upon thirty days' written notice thereof, for breach of any of the agreements herein contained on the part of said licensees; or, in case the number of sewing-machines which shall be made and paid for in any quarter-year as aforesaid shall fall below two hundred and fifty; otherwise it shall remain in force until the twelfth day of November, 1871, and as much longer as the licensees elect to continue the same.

Eleventh. It is agreed and understood that said licensees shall not sell, or deal in, or allow their agents to deal in, any sewing-
64 machines using the hereinbefore enumerated patents, or any of

them, unless the same shall be regularly made under this license, or shall be legally supplied by the licensers, or some of them, or their licensees.

Twelfth. It is agreed and understood that George Gifford, esq., is the authorized receiver of said licensers, until further appointment by them, to receive all reports and accounts of machines at any time made or sold under this agreement by said licensees, and to receive and retain all machines required by this agreement to be deposited with said licensers, and to collect and receive all sums which, by this agreement, are to be paid for patent rent or otherwise, and said licensees shall render such accounts, make such deposit of machines, and make such payments to said Gifford, or such other person as said licensers may appoint; and, rendering such accounts, and making such payments to, and deposit with, said Gifford, or such other person as said licensers shall appoint, shall (so far as respects depositing machines, rendering accounts, and making payments) be a compliance with and performance of this agreement by said licensees.

In witness whereof the said parties have executed these presents in duplicate the day and year first above written.

WHEELER & WILSON MANUFACTURING COMPANY,
By N. WHEELER, *President.*
GROVER & BAKER SEWING-MACHINE COMPANY,
By O. B. POTTER, *President.*
THE SINGER MANUFACTURING COMPANY,
By INSLEE A. HOPPER, *President.*
THE FLORENCE SEWING-MACHINE COMPANY,
By W'M B. HALE, *President.*

65 B.

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE SINGER MANUFACTURING COMPANY.

This cause coming on to be heard:

On motion of A. L. Soule, for the complainants, after hearing of the proofs adduced, and argument on behalf of both parties,

It is ordered that an injunction issue, restraining the defendants, until the further order of this court, from giving notice of their termination of the license to the plaintiffs, dated February 20th, 1868, referred to in the bill of complaint, and from attempting to collect license-fees or patent rent thereunder, on condition that the complainants deposit with the clerk of this court all the moneys which shall become due under said license according to the full patent rent reserved therein, on or before the tenth days of each and every January, April, July, and October, according to the reports made, or to be regularly made, to the receiver, as provided in said license; said moneys to be deposited by the clerk with the United States Trust Company, in the city of New York, on interest, to the credit of this suit, and subject to the order of this court, and on condition that the replication in this suit be filed within two days after filing the answer therein, and that the complainant's testimony be closed within twenty days thereafter, and the cause be put upon the calendar, to be heard at the next February term of this court, subject to the right of either party to apply to the court, on cause shown and on notice to the other, for an enlargement of the time for taking proofs.

Dated January 10, 1870.

66 United States circuit court.

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE SINGER MANUFACTURING COMPANY.

BLATCHFORD, *J.*:

Without passing in a plenary manner upon any of the various questions of law and fact raised and discussed on the motion for an injunction made in this case, I am of opinion that a due regard for the rights and interests of both parties demands that the injunction asked for in the bill should be issued, provisionally subject to conditions—conditions which, in substance, are self-imposed by the plaintiffs in their bill. An order will therefore be entered, directing that an injunction issue restraining the defendants from giving notice to the plaintiffs of the option, or purpose, or election of the defendants to terminate the license to the plaintiffs, dated February 20th, 1868, referred to in the bill, and from attempting to collect from the defendants license fees or patent rent to become due or accrue thereunder, such injunction to continue in force so long, and only so long, as the plaintiffs shall continue to deposit with the clerk of this court all such sums as the patent rent under said license, at the rate of five dollars for each machine not exported, and two dollars for each machine exported, would amount to, for each and every quarter-year which shall expire during the continuance of said license and the pendency of this suit, at the several times when the same would fall due by the terms of said license; and further directing that the said clerk shall deposit all sums which shall be so received by him with the United States Trust Company, in the city of New York, on interest to the credit of this suit; and that such sums shall be subject to the order of this court, to be made in this suit.

E. R. Hoar and A. L. Soule' for the plaintiffs.

E. W. Stoughton and George Gifford for the defendants.

67 C.

[5-cent. rev. stamp cancelled.]

Be it known that the Wheeler & Wilson Manufacturing Company, a corporation established by special law of the State of Connecticut, in consideration of one dollar, and other valuable considerations it thereunto moving, the receipt of which is hereby acknowledged, has sold, assigned, and set over unto The Singer Manufacturing Company, a corporation established by law of the State of New York, all its, the said The Wheeler & Wilson Manufacturing Company's right, title, interest, and share in and to all moneys, with the interest accrued and to accrue thereon, heretofore deposited by The Florence Sewing-Machine Company with the clerk of the circuit court of the United States for the southern district of New York, pursuant to the order of said court, in a certain cause in equity, brought by said The Florence Sewing-Machine Company against the said The Singer Manufacturing Company, on the thirty-first day of December, in the year eighteen hundred and sixty-nine:

To have and to hold all and singular the same, to the said The Singer Manufacturing Company, its successors and assigns forever.

In witness whereof The Wheeler & Wilson Manufacturing Company has executed this instrument by the hand of its president, and caused

its corporate seal to be hereto affixed this fourteenth day of December, in the year eighteen hundred and seventy-one.

WHEELER & WILSON MANUFACTURING COMPANY,
[L. S.] By N. WHEELER, *President.*

68 D.

[5-cent. rev. stamp cancelled.]

Be it known that the Grover & Baker Sewing-Machine Company, a corporation established by law of the State of Massachusetts, in consideration of one dollar, and other valuable considerations it thereunto moving, the receipt of which is hereby acknowledged, has sold, assigned, and set over unto The Singer Manufacturing Company, a corporation established by law of the State of New York, all its, the said Grover & Baker Sewing-Machine Company's right, title, interest, and share in and to all moneys, with the interest accrued and to accrue thereon, heretofore deposited by The Florence Sewing-Machine Company with the clerk of the circuit court of the United States for the southern district of New York, pursuant to the order of said court, in a certain cause in equity brought by said The Florence Sewing-Machine Company, against the said The Singer Manufacturing Company, on the thirty-first day of December, in the year eighteen hundred and sixty-nine:

To have and to hold all and singular the same to the said The Singer Manufacturing Company, its successors and assigns forever.

In witness whereof the Grover & Baker Sewing-Machine Company has executed this instrument by the hands of its president and treasurer, and caused its corporate seal to be hereto affixed this fourteenth day of December, in the year eighteen hundred and seventy-one.

GROVER & BAKER SEWING-MACHINE COMPANY,
By O. B. POTTER, *President.*
[L. S.] W. O. GROVER, *Treasurer.*

69 E.

Circuit court of the United States for the southern district of New York. In equity.

THE FLORENCE SEWING-MACHINE COMPANY *vs.* THE SINGER MANUFACTURING COMPANY. } On pleadings and proofs.

The complainant is a corporation, created under or by virtue of the laws of the State of Massachusetts, and doing business in that State.

The defendant is a corporation, created under or by virtue of the laws of the State of New York, and doing business in that State.

On the 20th day of February, 1868, the Singer Manufacturing Company, the "Wheeler and Wilson Manufacturing Company," (a corporation created by or under the laws of the State of Connecticut,) and the "Grover & Baker Sewing-Machine Company," (a corporation created by or under the laws of the State of Massachusetts,) were the owners of certain letters-patent for inventions in sewing-machines, or parts thereof, or improvements therein, and particularly numbers 346 and 414, granted to Allen B. Wilson, dated respectively January 22d, 1856, and December 9th, 1856, relating to the apparatus for feeding to the needle the material to be sewed. Being such owners, the three corporations last mentioned, on the 20th day of February, 1868, entered into an agreement with the said complainant by which they, according to their

respective rights and powers, severally authorized and licensed the complainant to manufacture, use, and vend for use, the inventions above-mentioned, including a large number of patents which are described by their numbers, dates, names of patentee, etc., so far as the same, or any of them, are contained in certain specimen sewing-machines, deposited, etc., marked, etc., and in the form in which said inventions are embodied in said specimen machines, and not otherwise, except that one of such machines may, also, be made with a drop-feed.

The agreement declares that the patent rent shall be five dollars for each and every sewing-machine which shall be made or sold under
70 this license by said licensee while this license remains in force, and the prompt payment thereof shall in all cases be adequately secured by the said licensee.

Besides various other stipulations not material to be stated, the licensee (the complainant) agrees to render to the said licensers, or to such person as they shall appoint to receive the same, quarter-yearly, from January 1, 1868, a true and full account of all sewing-machines made and sold by it, verified by oath. And on or about the 10th day of July, October, January, and April of each successive year to pay said licensers, or their duly authorized receiver, the said patent rent for each and every sewing-machine made or sold by said licensee during the last preceding quarter year which shall not have been before paid for. But it was further provided that for each machine actually exported for use in foreign countries, and not returned to the United States, the patent rent to be paid to the said licensers should be two dollars instead of five dollars for each machine.

It was further agreed that "No other license for a drop-feed shuttle sewing-machine, using two threads, is to be granted by said licensers, under the before-mentioned patents, at a less patent rent per machine, without a corresponding reduction in the patent rent hereby reserved."

And also that said licensers reserve the right at their option to terminate this license upon thirty days' written notice thereof, for breach of any of the agreements herein contained on the part of said licensee. The various other provisions and stipulations in the agreement do not seem material to the right understanding of the matters in controversy herein.

The bill of complaint alleges the making of this agreement and the payment by the complainant of the patent fee stipulated by the terms of the agreement down to the first day of October, 1868, and that on that day the said licensers, in consideration of $20,000, authorized and licensed the Davis Sewing-Machine Company, a corporation or firm doing business in Watertown, in the State of New York, to manufacture, use, and vend for use, the invention described in letters-patent issued to one Johnson, upon sewing-machines, not exceeding fifty thousand in number, of the kind and like the one deposited with the licensers, and marked "Davis Sewing-Machine," and no others, to be built at their shop in Watertown aforesaid.

And that the licensers agreed with the last-named company that they would not, while the said agreement remained in force and was performed on the part of the "Davis Sewing-Machine Company," make any further claim of license fees from that company under any other patents which they now, or may hereafter own or control for making or selling sewing-machines like said specimen Davis machine.

71 The complainant further states that the said Davis machine is a "drop-feed shuttle sewing-machine, using two threads," and the

said licensers had, before the 1st of October, 1868, applied for and obtained from the justices of the circuit court of the United States for the northern district of New York a decree enjoining the said Davis Sewing-Machine Company against making or selling sewing-machines substantially like the said specimen Davis machine, because the same infringed said letters-patent numbered 346 and 414.

And that the said licensers, intending to defraud the complainant, by keeping the complainant in ignorance of the terms of the said license, concealed the same and the terms thereof from the complainant, who could not obtain such information till November, 1869, and that the complainant has paid to the said licensers for machines made and sold since Oct. 1, 1868, at the said rate of $5.00 for each machine not exported, and $2.00 for each machine exported, amounting to $63,912, as patent rent on 13,011 machines, whereas, in truth, the licensers were entitled under the said license to the complainant as modified by the granting of the aforesaid license to the Davis Sewing-Machine Company, to the sum of forty cents only on each of said machines, amounting to $5,284.40.

And that in November, 1869, the complainant paid the receiver appointed by the said licensers the sum of $19,758, which claimed by said receiver and said licensers to be due on machines made and sold prior to the 30th of September, 1869, and that the same was paid by the complainant, believing and protesting that the same was not due or owing, but because the said licensers, through their receiver, threatened that, unless the same was paid, they would give notice of the termination of said license, and publish abroad the statement that the same was terminated, and the rights of the complainant thereunder forfeited.

The bill also states that the complainant was, at the time of making the said agreement, and still is, engaged in the business of manufacturing sewing-machines for sale, and selling them in various parts of the United States and in Europe, employing a large capital therein, invested partly in land and buildings, and partly in stock, tools, and machinery.

And that the requirements of the business of selling sewing-machines are such that the retailers of said machines are obliged to invest a large amount of capital in machines and in the notes and obligations of purchasers. And that any interruption of the sale of machines manufactured by the complainant, arising from any fear on the part of the public that said machines were made or sold in violation or infringement of the rights secured to any other parties by letters-patent, would be productive of great and ruinous loss and injury, not only to the complainant, but to those persons who have purchased machines from the complainant to sell to others, of which persons the number is very large.

72 The bill prayed a discovery, and that the defendants be ordered to reduced the patent rent reserved in the license to the complainant to the sum of forty cents for each machine made or sold under said license after the 1st day of October, 1868, and that the defendant may account and pay to the complainant the sums received by the said licensers under said license, to which they were not entitled, and that the said licensers may not claim or demand any other or further sums than at the rate of forty cents, and that an injunction issue to restrain the defendant, its several agents and confederates, and each of them, from giving notice during the pendency of this suit of their option, purpose, or election, to terminate said license, and from attempting to collect license fees or patent fees from the complainant. The bill states as a reason for not making the Wheeler & Wilson Manufacturing Company

and the Grover & Baker Sewing-Machine Company parties, that those corporations are not citizens of nor created by the laws of the State of New York, and this court sitting for the southern district of New York has no jurisdiction over them, or either of them.

The defendant, by answer, denied many of the allegations of the bill, and especially that the said specimen Davis sewing-machine was and is "a drop-feed shuttle sewing-machine, using two threads," and averred that the said licensers have never since the date of complainant's license licensed any drop-feed shuttle sewing-machine at a less patent rent than that reserved by the terms of the complainant's license. And also that, although the said Davis Company made and sold sewing-machines like said specimen Davis machine from the 1st of October, 1868, till the 1st of December, 1869, such manufacture and sale were of no detriment or injury to the complainant's business. That the sum of $20,000, paid by the Davis Company, amounted to more than $5.00 for each domestic, and $2.00 for each exported machine, on all machines it made during the continuance of the said license.

That if the Davis machine should be held to be a "drop-feed shuttle sewing-machine," within the meaning of that phrase as used in the complainant's license, the granting thereof was a mistake, from the effect of which the defendant is entitled to equitable relief at the bar of this court. That the licensers' counsel advised them that such license to the Davis Company was so framed that it did not include or license a drop-feed machine, and they believed such advice to be correct, and they then believed, and now believe and aver, that such specimen machine did not contain the drop-feed or any feed substantially like it or what was known or usually called the "drop-feed." That the licensers considered in fixing the price only what was a fair consideration for the use of the needle-feed in a needle-feed machine under the Johnson patent, not at any time supposing or having the least idea that the Davis ma-
73 chine was a drop-feed machine, or would ever be so regarded.

That, at the time the license was given to the Davis Sewing-Machine Company, the term "drop-feed," as applied to sewing-machines, was well understood by all persons engaged in the manufacture and sale of sewing-machines, and that the feeding-device contained in the specimen Davis machine was not, as understood by persons engaged in the trade, and by all the parties to the said Davis license, a drop feed.

The defendant admits that, prior to the 1st of October, 1868, the defendant and the associate licensers, the Wheeler & Wilson Manufacturing Company, and Grover & Baker Sewing-Machine Co., obtained an order for an injunction under the re-issued patents for a feeding-apparatus, Nos. 346 and 414, and states that, on the 1st of December, 1869, the licensers procured the cancellation of the Davis license, "having heard that it was obnoxious to the complainant;" and the defendant and the Wheeler & Wilson Manufacturing Company made a contract with the Davis Company to make and sell to the last-named company sewing-machines like the specimen Davis machine. That this was done, not because they believed the Davis machine contained a drop-feed, but for the purpose of avoiding any possible conflict on the subject, or ground of complaint on the part of the complainant, and that the profit on each machine to be so made and sold to the Davis Company, after deducting a fair manufacturer's profit, will exceed upon each machine the sums of five dollars and two dollars, respectively, payable according to the terms of the complainant's license, and is more advantageous to the defendant than to permit the Davis Company to work under a license, reserving those sums as license fees.

There are other denials and other averments in the answer, but what is above stated exhibits the issues of fact chiefly discussed. There were a denial that the complainant was entitled to the specific relief sought, and the general denial that the complainants were entitled to an injunction or an account, or to any relief.

The proofs taken related chiefly to the question whether the feeding-apparatus in the specimen machine mentioned in the license to the Davis Sewing-Machine Company was a "drop-feed," to the circumstances and the belief under which that license was given, and to the questions whether the term "drop-feed," as known and used among those who manufactured, sold, or used sewing-machines at the time the license to the complainant was given, had acquired a meaning which would include the feeding-apparatus contained in such specimen machine, and whether that feeding-apparatus was a needle-feed in fact or in name, as distinguished from a drop-feed. And there was great conflict of evidence on the question whether in the specimen machine the needle performed in whole or in part the work of feeding, or moving the material sewed to the place required to receive the successive stitches, the other part of the apparatus (called the "helper")
74 being merely auxiliary thereto, or whether the helper in truth performed the work of feeding. The machines produced as examples of the drop-feed as used by the complainant, and various others conceded to be drop-feed machines, contained a serrated horizontal bar, lying beneath the plate of the machine on which the material to be sewed was placed, and a smooth pressure-foot was placed above, which rested upon such material. The pressure thereon was a spring which yielded as occasion required. In the operation of the machine, as the stitches were successively made, and as the needle was completely withdrawn from the material, the serrated surface of the bar was raised through a slit or opening in the plate, on which the material was placed, and its roughened or serrated surface forced against the under surface of the material, held down by the pressure-foot, and then the bar was moved forward the distance necessary to the length of the stitch, carrying with it the material, whereupon, as the needle descended, the bar dropped below the plate, and was drawn backward to be in readiness to rise again as the next stitch was made and the needle withdrawn, and again to press the material against the pressure-foot and move it forward as before. In the specimen Davis machine the feeding of the material was effected while the needle was in the material and in the act of withdrawal therefrom; the needle itself, as it was withdrawn, moving in the direction in which it was desired to move the material before the needle should descend again to make the next stitch. A perpendicular bar, called a "helper," was placed and adjusted nearly parallel with the motion of the needle, so that its lower end pressed upon the cloth, holding it firmly down upon the plate while the needle descended, and moving forward as the needle ascended in the same direction as the motion forward of the needle in its ascent, such forward motion of the needle and of this perpendicular bar being the same. The forward movement of the material being accomplished, the lower end of this perpendicular bar was raised and moved to its former position, very near to and (being grooved) partly surrounding the needle, pressed the material upon the plate, while the needle again descended to make another stitch, when again the ascending needle and the perpendicular bar moved forward, and *and* so on, successively, the motion forward of the lower end of the bar corresponding in time and distance with the forward movement of the ascending needle, and at the end of each forward move-

ment rising and returning to its former position near and partly surrounding the needle.

In the testimony there was much conflict on the question whether in this machine the needle in fact moved the material—the perpendicular bar acting only as an auxiliary or helper by keeping the material smooth and even during the process—or whether both the needle and the helper assisted in the moving of such material, or whether the helper was the chief and only useful instrument in the movement of the material,
75 its motion being made to coincide with the forward movement of the needle while being withdrawn.

Hon. E. R. Hoar and Mr. A. L. Soule, of counsel for the complainant; Mr. Edwin W. Stoughton, Mr. George Glifford, and Mr. S. J. Gordon, of counsel for the defendant.

WOODRUFF, *J.*:

Three principal questions were discussed on the hearing of this cause, viz:

Whether a case is made entitling the complainant to any relief in this court as a court of equity?

Whether the relief sought can be granted in a suit to which the Wheeler & Wilson Manufacturing Company and the Grover & Baker Sewing-Machine Company are not parties?

And whether the proofs establish that the defendant, and the Wheeler & Wilson Manufacturing Company, and the Grover & Baker Sewing-Machine Company have given such a license to another company as entitles the complainant to a reduction in the patent rent or license fee originally stipulated to be paid in the agreement mentioned in the bill of complaint?

(1.) Upon the first of these questions I find great difficulty in sustaining the present suit.

The rights of the parties to the agreement by which the license was granted to the complainant are, under that agreement, purely legal rights. And what those rights were when the suit was brought were dependent as matters of strict law upon the facts, and did not result from any equities which existed apart from or beyond those purely legal principles.

By the express terms of the agreement, if the parties granting the license to the complainant have licensed to any other party the use of a drop-feed shuttle sewing-machine using two threads, at a less patent rent or license fee than the rent or fee reserved in the complainant's license, then such last-named rent or fee is reduced; the complainant is no longer bound to pay the rate originally stipulated. So long as the complainant pays or tenders the reduced fee, the parties granting the license cannot revoke it. Any attempt to do so will be idle and nugatory.

76 Viewed as an action to obtain a decree establishing in the complainant's favor the future right to enjoy the license on paying the reduced rent or fee, the complainant has no need of the assistance of any court. The rule that a court of equity will not interfere when there is full, complete, and adequate remedy at law, need not be invoked. Nor is it essential to rely upon the act of Congress of 1789, (1 Stat. at Large, 82,) which declares that "suits in equity shall not be sustained in either of the courts of the United States, in any case where plain, adequate, and complete remedy may be had at law," for here the com-

plainant has the remedy in its own hands, and can assert, exercise and maintain its rights without invoking the aid of a court of law or equity. If the fact be as alleged in the bill, that the said parties granting the license to the complainant have granted the specified license to another at a less rate, it is only necessary for the complainant to pay, or, if payment be not accepted, to tender the reduced rent, and the complainant's continued right to use the licensed inventions is perfect and unimpeachable.

On what ground, then, can the power of this court be invoked for the protection of the complainant in the future use of these inventions?

The complainant has no need of discovery. The bill of complaint avers that it has already discovered the facts upon which the right to use the invention at a reduced rent or fee arose; the instrument alleged to work that result is annexed to the bill, and the whole endeavor in this suit has been to prove that such instrument, by its true meaning and effect, is a license to a third party to use the specified invention, and thereby to reduce the complainant's license fee.

There is no doctrine akin to the principles upon which bills *quia timet* are sustained that will avail the complainant. Nothing is to be apprehended from the lapse of time or the loss of evidence. That is not suggested in the bill. The complainant can bring the matter to an immediate test by standing on the agreement, insisting upon and acting according to the legal rights secured thereby, and the written license granted to the third party is known and susceptible of proof at any time.

The complainant cannot be disturbed in the use of the inventions, for, if the fact be as alleged, the other parties cannot restrain such use, nor collect more than the reduced rent or license fee; the complainant's defence is perfect without resort to a court of equity.

Nor has the complainant a right to come into this court to obtain a construction of a contract made with the defendant, and the companies associated with the defendant. Courts of equity do, it is true, lend their aid to parties standing in a trust relation, and entitled by reason thereof to the peculiar protection of a court of equity, having special jurisdiction of trusts, as, for example, for the construction of wills, trust deeds, &c., in aid of executors and trustees charged with trusts,
77 but no such jurisdiction exists entitling parties to ordinary contracts to ask an interpretation of such contracts. Indeed, the complainant here does not claim, or even admit, that the agreement is of doubtful meaning, but proceeds upon the fact that the defendant and the other associated companies deny that they have given any license to use the invention mentioned in the agreement. And the appeal to this court is, that the court decide whether the act mentioned in the agreement has been done. Neither party denies that if a license has been granted at a less rate than was stipulated in the agreement with the complainant, the right of the latter to a reduction is clear, according to the terms of such agreement.

In saying this, I do not overlook the allegation by the defendant, that if the license granted to a third party is in fact a license to use the specified invention, it was a mistake as to which the defendant is entitled to relief. I am now dealing with the case of the complainant. The allegation of such mistake, if it had been made before the bill was filed, did not warrant the complainant in coming into court to obtain a decree in negation of any such allegation; it will be enough for the complainant to assert and exercise its legal rights, and if the defendant and the other companies attempt to restrain the continued use of the inventions licensed, put it to its proof of mistake, and, as I think, to the proof

of a very different case from that which in that respect is set up in its answer and proved by the testimony.

The allegation in the bill would seem designed to assimilate the case to suits brought to remove a cloud upon title, by its statements that any fear on the part of the public that said machines were made or sold in violation of the right secured to any other parties by letters-patent, would be productive of great and ruinous loss and injury to the complainant, and also to those persons who had purchased machines from the complainant to sell again. What has already been said seems to me sufficient to meet this view, and I am not aware that an apprehension that the defendant will deny the right of the complainant to use the licensed invention, or the fact that the defendant and the other associates threaten to give notice of their election to terminate the license, justifies an application to the court for an injunction.

In that respect each of the parties has a legal and equitable right to insist upon the agreement according to its proper meaning, and the defendant's denial that any act has been done entitling the complainant to a reduction of the license fee, in no wise hinders the complainant in the exercise of the rights secured by the license. If the defendant and the other companies should hereafter slander the complainant's title, and if no adequate redress therefor can be had at law, a case will be presented, which, to say the least, is not here presented.

78 The complainant has made a contract, by which, if the other contracting parties have granted to another the right of using the licensed inventions at a less rent or fee than the complainant agreed to pay, a reduction is wrought in favor of the latter by its very terms.

The complainant avers that such license has been given, and that thereby the fee or rent is reduced. The defendant denies that such license to a third party has been given.

The parties are in conflict upon that question.

What, then, does the complainant ask, and why does it ask it?

Because it is not certain that it can establish its title to a reduction, can it attempt an experiment in this court, through which it will be protected against the loss of the privilege if it fail to prove such title? If the fact be as alleged, the complainant requires no protection. If the fact be not as alleged, the complainant is entitled to no protection.

It is bound to pay a rent or licensee fee. It differs with those who gave the license as to the amount which it is bound to pay. The other parties are entitled to terminate the license if the rent which is payable be not paid, and there is nothing inequitable in the assertion or in the exercise of that right.

No rule of equity is involved in such a controversy. Its determination depends solely upon a question of fact upon the ascertainment of which the legal rights of the complainant are clear, according to its own view of the subject.

It would be a novel experiment if a tenant were to come into a court of equity, alleging that he had paid or otherwise satisfied, or been discharged from the rent reserved in his lease, but that his landlord denied the fact of such payment or discharge of the rent, and threatened to declare his election to terminate the tenancy pursuant to the option reserved in the lease, and thereupon to ask the court, upon proof of the facts alleged by the tenant, to adjudge that such rent is paid, satisfied, or discharged, and enjoin the landlord against declaring such election. The court would be bound to say: Upon the facts stated by

you, your possession cannot be disturbed, and if the landlord declares such election and brings ejectment, you are in no danger.

So here, the right of the defendant and the other companies to terminate the complainant's license, if the sums due for fees are not paid, is a clear legal right. Its exercise is according to the stipulations expressely assented to by the complainant, and was distinctly contemplated when the agreement was made. There is, therefore, nothing inequitable in the assertion of the right or the threat to exercise it, and it would, as it seems to me, be an unwarranted interference with their legal rights were this court to suspend its exercise.

The complainant's position is not unlike that of any other who
79 holds title upon condition; he must perform the condition at his peril; and not unlike that of a contracting party who will be unable to enforce the contract against the other party unless he has on his part performed its stipulations. On a dispute arising on a question whether the conditions are performed, or even as to the true import of the stipulations, they cannot come into a court of equity to have those questions settled in order to save them from the consequences of a mistake of fact, or of a misconstruction of the contract.

So here I think a bill to determine the meaning of the license to the complainant, if that were doubtful, which is not claimed, or to ascertain whether the defendant and the other associated companies have done the act upon which the right to a reduction of license fees arises, and thereupon to decree that the complainant is only bound to pay the reduced rent, cannot be sustained. For that purpose it is wholly unnecessary, and such a determination is not called for by any view of the office and jurisdiction of a court of equity. The suit is in substance an endeavor to obtain the advice of this court to enable the complainant to act with safety in his dealings with the defendant and the other parties to the license, in a matter depending solely upon legal principles, in order that it may not omit the payment of the stipulated rent or license fee, until it has been here adjudged that such payment is not necessary to the preservation of the license.

(2.) The objection that the Wheeler & Wilson Manufacturing Company and the Grover & Baker Sewing-Machine Company are not made parties to this suit, was not made by the defendant by demurrer, plea, or answer.

If, therefore, the rights and interests of the defendant are so far several and distinct from those of the other two companies that a decree can be made granting the relief sought without affecting the rights of those two companies, the objection should be held too late. (Story vs. Livingston, 13 Pet., 359, 375, and cases there cited; Segee vs. Thomas, 3 Blatch., 11.)

On the other hand, where a final decision cannot be made between the parties litigating without directly affecting and prejudicing the rights of others not made parties, the court cannot proceed. The objection can be taken at the hearing, and it may, and ought to be, raised and acted upon by the court itself. And where the case cannot be thus decided between the parties it will not avail to suggest that the absentees are beyond the jurisdiction of the circuit court, or have such residence or citizenship that to make them parties would defeat that jurisdiction. (Mallow vs. Hinde, 12 Wheat., 193; Elmendorf vs. Taylor, 10 Ib., 152,
and cases therein referred to, and in the notes; and Story vs. Liv-
80 ingston, 13 Pet., 375–6.) The decision in the case of West vs. Randall et al., (2 Mason, 181, 196,) is in no conflict with these cases.

This was the rule before the act of Congress of 1839, (5 Stat. at Large, 321,) which provides that where in any suit at law, or in equity, commenced in any court of the United States, there shall be several defendants, any one or more of whom shall not be inhabitants of, or found within, the district where the suit is brought, * * * it shall be lawful for the court to entertain jurisdiction, and proceed to the trial and adjudication of such suit between the parties who may be before it; but the judgment or decree * * shall not conclude or prejudice other parties not regularly served with process * * and the non-joinder of parties who are not so inhabitants * * * shall constitute no matter of abatement or other objection to said suit.

But the effect of the statute, and of the 47th rule of the Supreme Court in equity containing a similar provision, have been considered by the Supreme Court, and it is held by that court, in the language of Mr. Justice Nelson, in Coiron vs. Millaudon et al., (19 How., 115,) that it is well settled that neither the act of Congress of 1839, nor the 47th rule of this court, enables the circuit court to make a decree in a suit in the absence of a party whose rights must necessarily be affected by such decree, and that the objection may be taken at any time, upon the hearing or in the appellate court.

In that case the absent parties were out of the jurisdiction of the court, and that was assigned in the bill as a reason for not making them parties, but the excuse was held unavailing.

In Shields vs. Barrow (17 How., 130) this statute was declared to be no more than a legislative affirmance of the rule previously established, and did not touch the principle that the court could not adjudicate directly upon the right of a party not actually or constructively before the court; and the case of Payne vs. Hook (7 Wallace, 425) in effect affirms these decisions. The decision in the No. Indiana R. R. Co. vs. The Michigan Central R. R. Co., (15 How., 233,) as stated by Mr. Justice McLean, was to the like effect, when there also the reason for not making an absent party a defendant was, that to make such a party a defendant would oust the jurisdiction.

These cases seem to me to require that I should decline to make the decree prayed for.

In Green vs. Sisson (2 Curtis, 171) on demurrer to a bill, the court held that, notwithstanding the act of 1839, the circuit court could not proceed in a suit in the nature of a bill to redeem, and for a relinquishment of a mortgage interest, unless all the parties beneficially interested in the mortgage were parties, and that their being out of the jurisdiction did not obviate the difficulty, (citing also Hogan vs. Walker, 14 How., 36; and Wilson vs. City Bank, 3 Sumn., 422.)

81

Shields vs. Barrow, already referred to, was a bill to rescind a contract, and it was held that it could not be rescinded in part, so as to set it aside as to the parties before the court, and leave it in full force as to persons not parties to the suit. That if in any case that could be done, it must be a case in which the rights of those before the court are completely separable from the rights of those who are absent.

In the case of Coiron et al. vs. Millaudon (supra) it was sought to set aside a sale of mortgaged premises made in proceedings in insolvency, and the purchasers were defended with others, but the mortgagees were not parties. The court held that, as setting aside the sale might affect their interests, they were indispensable parties.

In this suit the complainant seeks, not to rescind the agreement in question, but to alter and change its otherwise import and obligation by

reason of alleged acts of the contracting parties done since its execution. In principle this is the same as if by reason of facts alleged it was sought to rescind it altogether.

The three corporations granted to the complainant the license to use certain inventions upon certain specified terms and conditions, and the complainant agreed to pay to these corporations for this license a specified rent or license fee.

And the right to terminate the license in case such rent or fee was not paid was reserved and was to be at the option of the latter.

This court is now asked to decree a modification of that agreement; to declare that, by reason of subsequent events, a less rent or fee only is payable; to order the defendant to reduce such rent; and to enjoin the defendant and its agents, servants, and confederates, and each of them, from giving the notice during the pendency of this suit, of their option or purpose to terminate the said license.

Such relief cannot be given without directly affecting the absent parties, any more than the agreement could be declared completely rescinded; it touches their property and rights under the license; it would disable the three to assert the right reserved to them to terminate the license or to proceed thereafter against the complainant for infringing the patents. The rights of the absent companies inseparably connected with the right of the defendant are the very subject in controversy. The case is not like many actions brought against one or two or more parties jointly liable to pay money, in which the whole may be collected from either, and in which, contemporaneously with the foregoing decisions, the court have held that the action could be sustained against those who are within the jurisdiction; there a recovery establishes the obligation of the defendant to pay the debt, and only leaves the question of
82 contribution to be settled without prejudice to the absent parties by reason of the judgment. Here the object and effect of the decree sought is to destroy the right of the three companies to enforce their agreement and assert their rights to the inventions in question as against the complainant.

If it were possible to decree that, as to the present defendant, an abatement from a possible one-third of the license fee should be made without prejudice to the right of the three corporations to terminate the license if the residue be not paid, there might be some plausibility in the claim to such decree; but the interest and property of the three corporations under the agreement is essentially joint, and the court cannot in this action settle the respective shares of the several corporations therein.

3. These considerations render it unnecessary, and perhaps improper, that I should discuss the proofs taken upon the contested question of fact chiefly discussed on the hearing, whether such a license has been given by the three corporations as entitles the complainant to a reduction in the stipulated patent rent or license fee.

If it had appeared that, upon proofs, such as have been produced in this case, it had been adjudged by Mr. Justice Nelson that the specimen machine, the making and sale of which was licensed by these corporations to the Davis Sewing-Machine Company, was an infringement of A. B. Wilson's patent for the four-motion feed, called also the drop-feed, I should greatly hesitate to act upon a different view of the subject, but should prefer to rest upon the opinion of that greatly esteemed and experienced judge as an authority. A decision not upon pleadings and proofs, but a decision or opinion on a motion for an injunction, can be hardly claimed to settle the question. Its influence in this case is rather

to be derived from its force as an admission by the three corporations that it was such an infringement.

But if that be conceded, it does not follow by necessity that the Davis machine contains what has ever been or is now known as a "drop-feed;" and there is much evidence to the contrary. It would be going a great way to say that every feeding-apparatus which infringes the Wilson or Fitzgerald patent is ex vi termini a drop-feed.

I do not, however, intend to go any further, nor to express any opinion upon the question, whether upon all the proofs the complainant has shown that the three corporations have granted a license for a drop-feed shuttle sewing-machine or not. Entertaining the opinions I have expressed, I could make no decree based upon the affirmative of that question. And I think it best to leave both the parties to their legal rights, unaffected by a decree herein based upon any decision of that question.

For the reasons stated the bill should be dismissed.

83 F.

United States circuit court. In equity.

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE SINGER MANUFACTURING COMPANY.

BLATCHFORD, *J.:*

The plaintiffs' licensee from the Grover & Baker Sewing-Machine Company, the Wheeler & Wilson Manufacturing Company, and the Singer Manufacturing Company, under the patents held by those companies, filed the bill in this suit against the latter company alone. The substance of it was that, by reason of acts done by the licensers, the plaintiffs were, by the terms of their license, entitled to have the license fee of five dollars for each machine not exported, and two dollars for each machine exported, contracted to be paid for by the license, reduced to forty cents for each machine; that the plaintiffs, on such view, had overpaid the licensers by more than $58,000, up to the filing of the bill, and that the licensers threatened that, if the plaintiffs refused further to pay, according to the rates specified in the license, to terminate the license by a notice under a clause therein, to that effect.

The plaintiffs offered in the bill to deposit with a receiver the future patent fees, to accrue at the rates reserved in the license, as they should become due thereunder, "the said sums to be held by such receiver subject to the order of the court, and to await the final decree in this suit." The bill averred that the licensers, other than the defendants, were one of them a Connecticut corporation, and the other a Massachusetts corporation, and that they were not made parties, because this court can and would have no jurisdiction over them, the plaintiffs being a Massachusetts corporation and the defendants a New York corporation. The bill prayed that the defendants be ordered to reduce the patent fee reserved in the license to forty cents for each machine, and to account to the plaintiffs for, and pay to them, the sums received by the licensers under the license, to which they were not entitled; and that the defendants be restrained from giving notice, during the pendency of this suit, to the plaintiffs of their option to terminate the license, and from attempting to collect patent fees from the plaintiffs until the further order of this court.

84 On the filing of the bill, and after a hearing on notice, an order was made by the court that an injunction issue restraining the defendants, until the further order of the court, from giving notice of a termination of the license and from attempting to collect patent fees thereunder, on condition that the plaintiffs deposit, with the clerk of this court, all the moneys which should become due under the license, according to the full patent fees reserved therein, quarter-yearly, as provided in the license, said moneys to be deposited, by the clerk, with the United States Trust Company, in the city of New York, on interest, to the credit of this suit, and subject to the order of this court.

When such order was presented to the court to be settled and signed, it contained the following clause, which the court struck out before signing it: "And it is further ordered that in case complainants fail to recover in this suit, they shall pay to the defendants an amount sufficient to make them receive seven per cent. per annum on the sum or sums paid to the clerk, as herein directed, from the time of such payment or payments, to the time when the injunction hereby ordered shall be dissolved, and that the same shall be added to and taxed in the costs to be taxed for the defendants."

An injunction, in conformity with this order as so settled and entered, was issued and served on the defendants. Subsequently, the rates of payment were for future machines, fixed, by order of court, at three dollars for each machine not exported, and one dollar for each machine exported, as being, by agreement of the licensers and the plaintiffs, the full license rates for future machines, if the plaintiffs were not entitled to the reduction claimed by them. Under these orders the plaintiffs have paid to the clerk of the court the sum of $76,793, which is on deposit, on interest at the rate of four per cent. per annum, in the United States Trust Company, to the credit of this cause and subject to the order of this court.

Meanwhile the cause went to final hearing, on pleadings and proofs. The conclusions of the court in the cause were: (1.) That the plaintiffs did not require the aid of a court of equity to exercise or maintain the rights asserted by the bill, but their remedies were complete, both offensive and defensive, without such aid, to resist an attempt to stop them working under the license or to defend a suit for license fees already paid, or to bring a suit to recover back license fees overpaid. (2.) That the relief asked could not be given without directly affecting the two licensers who were not made parties to the suit, and that, therefore, it could not be given as respected the defendants.

On these two grounds the conclusion of the court was that the bill must be dismissed, the merits of the controversy not having been considered or disposed of.

85 The case being thus ready for the entry of a final decree, on such decision, the plaintiffs now apply to the court for an order that the clerk pay to them the moneys so deposited by them with him, together with all interest which has accrued thereon. The defendants also applied for an order that the clerk pay to them such moneys and interest.

The court did not, by its decision, dispose of the merits of the controversy raised by the plaintiffs on their bill. So far as any action of this court is concerned in respect to such merits, the controversy is exactly where it was when the bill was filed, and before the injunction was issued or any of the money was deposited. The object of depositing the money was to secure the licensers against loss in case the

court should, on the merits, decide that the licensers were still entitled to fees at the license rates, and that the plaintiffs were not entitled to the reduction claimed.

The money deposited was the plaintiffs' money, and continued to be such until the court should decide on the merits, that the licensers were entitled to it under the license. To award the money now to the defendants would be to decide the merits in favor of the defendants. This the court has declared it cannot do in this suit. The case stands as if, as a condition of the granting of the injunction, the plaintiffs had given a bond with sureties conditioned to pay the defendants if the court should, in this suit, decide on the merits, that the licensers were entitled to them, the full license fees provided for by the license. On such a decision as has been made in this case, there could be no recovery on such bond.

The view urged on the part of the defendants is, that the money was deposited subject to the right of the plaintiff, to show affirmatively, in this suit, a better title to it than the title of the licensers; that the money, when deposited, became prima facie the money of the licensers, subject to such a right of the plaintiffs; that the plaintiffs have failed to establish such right, and that, therefore, the money must go to the defendants. This view is not sound. The money was deposited subject to the determination of the title to it.

It has not been established on the merits that the plaintiffs owe it to the licensers under the license. The title to it has not passed from the plaintiffs, and has not passed to the licensers or to the defendants. If it had been established in this suit that the plaintiffs owed it to the licensers, it would have gone to the defendants on such determination. A contrary determination would have carried it to the plaintiffs by a title reposing on such determination.

The suggestion that the money was under the order of the court, deposited with the clerk to the credit of the suit, and that, as the defendants have been successful in dismissing the bill, they must, therefore, have the money, is not warranted by the action of the court. The money was not deposited by the plaintiffs with the clerk to the credit of the suit in the sense claimed, nor did the order of the
86 court direct that it should be so deposited. It directed that the clerk should deposit the money with the Trust Company to the credit of the suit, meaning that the money should be deposited in the Trust Company in the name of the suit, so as to be easily identified and drawn against. So, also, the action of the court in striking from the order, as proposed for settlement, the clause before referred to, indicated an intention to retain absolute control of the ultimate disposition of the money to be deposited, and an absence of intention that a mere failure by the plaintiffs to recover in the suit should confer on the defendants any rights in respect of the money to be deposited.

There is another view which is conclusive against an award, at this time, of the money, or any part of it, to the defendants. The court has held that it can make no decision on the merits between the parties to this suit without affecting and prejudicing the rights of the two co-licensers, who are not made parties. It thus has decided that it cannot recognize the defendants as representing in this suit such two co-licensers; therefore it cannot now award to the defendants such share of the money as belongs to such two co-licensers, and it has no means of determining, and no right to determine, in the absence of such two co-licensers as parties to a controversy respecting the money, what such share is, and it cannot award such share to such two co-licensers as long as

they are not parties to such controversy. As respects such share of the money as might belong to the defendants, the court cannot determine that question in the absence of the two co-licensers, any more than it can determine the merits of the suit in such absence. Besides, it has decided that the interest and property of the three licensers, under the license, are essentially joint, and that it cannot, in this suit, settle their respective shares under the license. It follows that it cannot settle in this suit, as it now stands, the share of the defendants in the money in court so as to award to them that share.

The case is not presented to the court in the view that the defendants are entitled to the whole or a part of the money as compensation for the damages sustained by them, or by the licensers, by the issuing of the injunction; if it were, it would be a sufficient answer to the claim to say that the court could no more in this suit settle the amount of such damages as respects the defendants, or their co-licensers, or all the licensers jointly, without the presence of such co-licensers, than it can settle the merits of the controversy without such presence. The interests of all the licensers under the license being joint, the defendants can have sustained no separable or several damages through the operation of the injunction which this court can ascertain or award unless it has all the licensers before it.

Thus far, the question only of the claim of the defendants to receive the money has been considered. But many of the views stated are equally conclusive against the claim of the plaintiffs now to be
87 paid the money. It was deposited on the plaintiffs' own offer, to secure the licensers against loss, in case they were in fact entitled to the fees at the license rates, and in case the plaintiffs were not in fact entitled to the reduction claimed. As the plaintiffs obtained through and by means of the deposit of the money, as a condition precedent, the granting and continuance of the injunction restraining the defendants from terminating the license and from bringing suit for the patent fees, and have gone on working under the license, and enjoyed the consideration for which the money was deposited, the good sense of the transaction and good faith towards all parties requires that the money should be regarded as having been deposited subject to a decision as to the title to it, by a competent tribunal, whether this court or some other court. To award it now to the plaintiffs would be to decide the merits of the suit in favor of the plaintiffs. It has not been established that the plaintiffs do not owe it to the licensers under the license. Although it is still the money of the plaintiffs, because it was their money when deposited, and the title to it has not passed to the defendants or the licensers, still it is subject, in the hands of this court, to the equitable claim and right on the part of the defendants and the licensers not to have it paid to the plaintiffs until it is properly established that the plaintiffs do not owe it to the licensers under the license.

Under these views the fund may be held by this court, although brought into it as an incident of this suit, notwithstanding the suit is discontinued or the bill dismissed. It will be so held, subject to be disposed of on a proper application showing a state of facts demanding its disposition. It is not for this court to suggest in what tribunal—whether this or another—the adjudication as to the title to money is to be made, or by what form, or suit, or proceedings, or what will be regarded by this court as sufficient warrant for disposing ultimately of the money. It can only declare that it holds the money on the terms above stated, subject to the showing of a title to it by the plaintiffs or the licensers as being or not being license fees due under the license.

For these reasons, I am of opinion that the motions of both parties should be denied.

E. R. Hoar and A. L. Soule, for plaintiffs; E. W. Stoughton and G. Gifford, for defendants.

88 G.

Circuit court of the United States for the southern district of New York.

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE SINGER MANUFACTURING COMPANY.

WOODRUFF, *J.*:

The plaintiff is a licensee of three associated companies, namely, the defendant, the Wheeler & Wilson Manufacturing Company, and the Grover & Baker Sewing-Machine Company. By the terms of the license, the plaintiff agreed to pay a license fee or royalty of five dollars for each machine made and sold in the United States, and two dollars for each machine exported; and, under the license, the plaintiff was making and selling machines to such a number at the time when the bill herein was filed, that the amount of fees payable at the specified rates was nearly twenty thousand dollars a quarter, or nearly one hundred thousand dollars a year, payable in quarterly payments on rendering quarterly accounts of the machines manufactured and sold in each quarter.

The license contained a provision that the associated companies should not license the making of a drop-feed shuttle sewing-machine, using two threads, at a less patent rent, without a corresponding reduction in the patent rent thereby reserved, and also a reservation to the licensers of the right to terminate the license at their option on thirty days' notice, for any breach of the agreement by the plaintiff.

The bill of complaint herein alleges that the licensers gave such a license to a third party as operated to reduce the plaintiff's rent or fee to forty cents for each machine; that the plaintiff has paid to said associates $63,912 since the right to the reduction arose, and the larger part thereof was paid in ignorance of the fact, and the residue under a protest that it was not due, but paid in order to prevent a revocation of the license, which was threatened, and which would, as the plaintiff alleged, be very injurious to their business. The bill prayed a decree establishing the plaintiff's right to a reduction in the rent or license fee, directing a repayment of the sums overpaid, and that the defendants be enjoined from giving notice of an option to terminate the license and from attempting to collect the sums reserved as rent or licensee fee by the terms of the license.

89 After the filing of the bill the plaintiff applied to this court, by motion, for an injunction pendente lite to restrain the defendant, according to the prayer of the bill, having offered in the bill to deposit with such receiver as the court should name, all such sums as the patent rent, under the terms of the license, would amount to, for each quarter which should expire during the pending of this suit, at the times when the same would fall due; the said sums to be held by such receiver subject to the order of this court, and to await the final decree in this suit.

Thereupon, on the 8th of January, 1870, the court ordered that an injunction issue restraining the defendant, until the further order of this court, from giving notice of their termination of the license to the plaintiff, and from attempting to collect license fees or patent rent thereunder, on condition that the plaintiff deposit with the clerk of this court all moneys which shall become due under said license, according to the full patent rent reserved therein, on or before the 10th day of each and every January, April, July, and October; said moneys to be deposited by the clerk with the United States Trust Company, on interest to the credit of this suit, and subject to the order of this court.

An injunction was issued in pursuance of such order, addressed to the defendant, enjoining such defendant as in the order directed. And in performance of the condition described in the order, and a subsequent modification thereof, reducing the rate of fees, the plaintiff paid to the clerk of the court, from quarter to quarter, sums which, including the quarter ending on the 1st day of October, 1870, amounted to $76,793, which is now on deposit at interest, as directed.

The cause was brought to a hearing upon pleadings and proofs, and in December, 1870, the decision of the court thereon was made that the bill should be dismissed on two grounds:

1st. That no case was made appealing to the jurisdiction of a court of equity, or requiring the interference of that court to determine the rights of the parties; and, 2d, that the relief sought by the bill could not be granted in a suit to which the Wheeler & Wilson Manufacturing Company the Grover & Baker Sewing-Machine Company were not parties. The court therefore declined to pass upon the merits of the controversy, and the question whether the license or rent payable to the plaintiff has been effected or reduced by the acts of the associated companies since the license was granted, remains wholly undetermined. Upon the publication of the decision of the court, and before a final decree has been settled and entered, the plaintiff has applied for an order that the money paid to the clerk, and now on deposit, as above stated, be repaid to the plaintiff; and, on the other hand, the defendant has made a cross-motion or application asserting title to the money, as in truth the proceeds of the use of their patents and profits made by such
90 use by the plaintiff during the period in which they have been, by the injunction of the court, restrained of their legal right to revoke the license; and that the plaintiff having failed to establish the right to a reduction of the rent or fee in this suit, the defendant is entitled, according to the just construction of the condition upon which the plaintiff took the injunction, to have the money paid over for the use and benefit of the defendant and the companies thus associated with the defendant, in satisfaction, pro tanto, of their claim to license fees, which the court has held them in restraint, and thereby prohibited the plaintiff in the use of their patents.

The question presented by the circumstances above detailed, and by the motion of the parties, respectively, is novel and embarrassing. So far as we have derived aid from counsel, and so far as my examination has extended, it is without precedent.

The money was undoubtedly paid to the clerk, and made subject to the order of the court, in the expectation that the court would in this suit determine by its final decree upon the pleadings and proofs whether the plaintiff was still bound to pay the full license fee or rent reserved to the defendant and the other associated companies, or whether, on the other hand, the plaintiff was entitled to retain the license on paying the reduced rent which the plaintiff insisted as alone due, and in the ex-

pectation that the money paid in would thereupon be paid over to the defendant for the use of the associated licensers, or would be apportioned between them and the plaintiff, according to such rights as were found to arise out of an adjudged reduction of the license fee.

The money paid in was the money of the plaintiff. However true it is that it was the precise amount of the license fee reserved to the associated companies for the use of their patents, and, in a sense, may be the fruit or proceeds of the use of their property presumptively earned in such use, and even if derived therefrom by the plaintiff by a use of their patents against their will, still the money itself was the plaintiff's money, and the plaintiff, in paying it over under the order made, upon a voluntary offer to pay it, did not admit for a moment that the money was due to the defendant and the other associates, but was acting throughout in denial of their rights, and was earnestly insisting that they were largely overpaid at the time the bill was filed. And the money was offered to be paid, and was in fact paid, in confidence that the court would retain it, not suffering it to pass to the defendant, or to the defendant and the other companies, unless it should be adjudged due under the license.

It is equally clear that the defendant did not suppose, and could not suppose, that paying the money to the clerk *et ri* termini gave the defendant and the other associates a title to the money, or that if the court should adjudge that the plaintiff's license fee had, by the acts of the defendant and the other associates since the license was
91 granted, been reduced to forty cents for each machine, the plaintiff would not be entitled to an order of the court (after proper computation) for the repayment to the plaintiff of the whole or of a considerable part of the money.

And to this may be added the further suggestion that if the court had decided the question between the parties on the merits either way, and the decree had been appealed from, it cannot be doubted that the party appealing would have insisted that no order disposing of the fund should be made pending the appeal.

The court having declined to determine the controversy on the merits, the plaintiff re-asserts title to the money, claiming that the purpose for which it was paid has failed, while the defendant insists that having failed to establish a right to a reduction of the fee in this suit, and, by a decree herein, the defendant is entitled to the money as prima facie due upon the face of the license, and that the condition on which the restraint *were* imposed upon them should be construed to mean that the money should be paid to the defendant for the use of the associates, if, in and by this suit, such right to a reduction was not decreed in the plaintiff's favor, and that to hold otherwise is to lend the aid of the court to a great injustice, in this, that, but for the interference of the court, by injunction, the plaintiff would have been, by revocation of the license, prevented from using the defendant's patents, or would by action have been compelled to pay the associates the very money now in question.

Obviously the last suggestion assumes that the defendants could have successfully revoked the license or have compelled the plaintiff to pay the whole rent originally reserved, this very claim which this court declined to determine, and which this court cannot now assume in the defendant's favor. And yet it is equally obvious that the consideration upon which the plaintiff offered to pay the money, and for which the plaintiff did pay the money to the clerk, has not wholly failed.

The plaintiff did thereby obtain an injunction and restrained the de-

fendants from interfering with the use of the patented inventions, and from attempting to collect the license fee or rent, and did thereby secure to themselves the uninterrupted use of the inventions and such profit as might accrue from them.

In this conflict of claim, so peculiar and so complicated, the essential inquiries are, Why was the money paid to the clerk of this court? What protection to the defendant was intended thereby? What purpose was to be effected? And from the answer to determine what equitable rights result from the payment.

The technical suggestion that because the money was paid in by the plaintiff in the suit it became so identified therewith that when the court declines to decide the merits and dismisses the suit, the money goes out of court with the plaintiff, and ceases to be subject to
92 any order of the court, save the formal order of repayment, is not quite satisfactory. There is, it is true, a species of logical sequence in the suggestion, but it largely overlooks the inquiries last above suggested, and the equities which may result from the very facts that the plaintiff offered to pay in the money in order to obtain the protection which the injunction gave, and that the defendant was required to submit to the restraint, suffer the uninterrupted use of their patents, and forego all attempts to collect the money.

And the suggestion further assumes that the money was subjected to no order of the court which does not in this suit determine the title to the license fees or patent rent, and the amount payable from the plaintiff.

The defendant and the associated companies held the agreement of the plaintiff for the payment of the license fees stipulated therein. They also had the unquestionable right to terminate the license if the amount of fees actually due or accruing were not paid. The plaintiff was actually using their inventions for its own profit. As to the company made defendant here, the plaintiff was a foreign corporation, and could not be sued upon the agreement for the collection of the money in this district. In this posture of the parties, the plaintiff, alleging that, at the time, the defendant and the other associates were overpaid, and claiming that the license fees had, by acts subsequent to the license, been largely reduced, ask that the defendant be put under injunction, forbidding the revocation of the license, which revocation was the clear, legal right of the defendant if the plaintiff could not establish a right to a reduction, forbidding the defendant from bringing an action to collect the fees, which were as clearly due as a legal right, if the plaintiff could not establish a right to reduction, and even restraining the defendant from bringing an action *and even restraining the defendant from bringing an action* to test the plaintiff's claim to a reduction. As a necessary incident, the plaintiffs secured to themselves the uninterrupted use of the licensed inventions, and, what was deemed of great importance to the plaintiff, the opportunity to prosecute the litigation without hazard of losing the license or losing any right to the money paid, if they established their title to a reduction. That is to say, the plaintiffs would hold on to the license, whether right or wrong in the litigation, and not lose their claim to the money if successful.

For these by no means inconsiderable advantages wrought to the defendant, the plaintiff offered and accepted the condition of paying the money to the clerk, subject to the order of the court.

To what end was it that the defendant should, by the very acceptance of the condition and the payment of the money, gain any equivalent

for the advantage gained by the plaintiff and the disadvantage wrought to the defendant and the other associates?

Was it that the money should be brought within convenient reach, and be, by the very transactions, subject to the defendant's claim to license fees?

93 Again, the plaintiff is a corporation, presumptively dividing its gains among its shareholders. No allegation is made here that it was not nevertheless perfectly solvent and able to pay all the fees which had accrued, at whatever rate may be finally established; and it might not be assumed as a presumption that it would not be able to pay all that should accrue during the litigation; but, on the other hand, the defendant had a right to insist, on behalf of their associates, that no risk whatever should, by the action of the court, be cast upon them; that the plaintiff ought rather to be required to pay the money to them, in reliance on their solvency and ability to refund if it should be determined that the license fee was reduced.

The accruing quarterly payments were very large and the duration of the litigation very uncertain; that the defendant and the other associates ought not to have their hands tied—restrained of the opportunity to test their legal rights—to find after, it might be, years of litigation, that the plaintiff, (though without any fraud or dishonesty,) in the fluctuations and vicisitude which affect the prosperity of business of every sort, had become unable to pay the large arrears which would accrue if the defendant was right in the claim to the full license fees reserved.

In this view of the subject, was not the defendant to derive some benefit from the payment of the money to the clerk as a security and protection against the possible loss of what should be due at the termination of the litigation?

The offer by the plaintiff, the condition imposed by the court on granting the injunction, and the paying of the money, ought not to be permitted to operate as a delusion. They were certainly not so intended. The proceeding against the defendant was wholly in *invitio*—some protection to them against the possible consequence of restraining the assertion of their alleged rights was intended. A consideration was offered and accepted for the immunity granted pendente lite to the plaintiff.

It is not the fault of the defendant that the plaintiff came into this court without a cause of action which warranted an appeal to the court as a court of equity, or came into a court in which the relief could not be granted for want of necessary parties. For all the purposes of these motions, the decision that the plaintiff did so come must be taken to be correct. The plaintiff chose voluntarily so to come, and, so coming, subjected the money to the order of the court, for the protection and benefit of the defendant, who was in constant resistance to the plaintiff's endeavor.

What, in equity, is the result?

I cannot resist the conclusion that the circumstances gave to the defendant an equitable lien upon the fund. Not a lien created by the license; not a lien or title established by any decision that the whole fee or rent reserved by the license is payable, but a lien resulting solely from the paying in of the money for the security and protection of the defendant, and the consideration upon which the plaintiff ob-

94 tained and accepted an actual benefit, and placed the defendant at disadvantage and in a condition of risk and hazard.

This protection and security the defendant ought not to be required to relinquish, for the mere reason that it turns out (according to the views governing the decision the court has made) the plaintiff ought not to have come into this court at all in the form and manner it came, and had no case for an injunction. To order the payment of the money to the plaintiff on the grounds that, although the bill be dismissed, the merits are undecided, is to make the error the court were invited by the offer of the plaintiff to commit, the ground for accomplishing the precise injustice against which the condition of granting the injunction was intended to guard.

The equities of the defendant seem to me analogous to the rights which would have arisen in its favor if the condition of granting the injunction had been a pledge of money or other security for the payment of whatever sums might accrue to the defendant and the other associated companies pending the injunction. If the pending suit ascertained and settled the amount due, the disposition of the money would be simple and convenient. But it would by no means follows that, if that litigation failed to settle the question on the merits, the pledge could be withdrawn, the plaintiff having had the benefits of the injunction in the mean time.

For these reasons, I conclude that the court ought not to order the repayment of the money to the plaintiff. The defendant has acquired an equity which arose, not out of the license, nor out of the mere litigation of the questions raised by the bill of complaint, but out of facts arising after bill filed and proceedings collateral to the issues therein, proceedings intended to be protective of the defendant, conservative of the rights of the plaintiff. Such equity has not been lost; it can still be preserved and protected, and I think there is no want of power in the court to preserve and protect it.

It does not follow that the defendant is entitled to an order that the money be paid to the defendant as the amount or on account of license fees accrued, nor as payable according to the proper construction of the condition on which the injunction was granted.

That condition did not contemplate the disposition of the money, except upon some ascertainment that the defendant and the other associated companies were entitled to receive from the plaintiff the whole or some part of the fees or rent reserved in the license.

Such ascertainment has not been made, and to direct the payment to the defendant would, in substance, be to determine the question between the contestants on this motion, which, on the pleadings and proofs in the suit, the court declined deciding. If, in fact, the condition prescribed in the order had been that the plaintiff pay in the accruing fees or
95 rent at the rate prescribed in the license, to be paid over to the defendant for the benefit of the associated companies, if the plaintiff should not prevail in the suit, then it might be regarded as a consequence consented to, and of which the plaintiff could afterwards complain. But the order does not so read, and the submission of the deposition of the money to the order of the court shows that the order must proceed upon some future ascertained right.

What, then, shall be done with the money?

If the court refuse an order for the payment to either of the parties, shall it remain on deposit indefinitely?

If I am correct in the views I have expressed, that question may perhaps be answered by another. Suppose, as a condition of granting the injunction, the court had required a pledge as security in terms for the payment of whatever fees or rent should accrue and be of right

payable pending the injunction, what would be done with the pledge on the dismissal of the present bill of complaint?

The plaintiff ought not to be permitted to withdraw the pledge. The defendant ought not be permitted to appropriate the pledge, which the amount of fees or rent of right payable was in contest and undetermined.

I admit that the case is novel, and the condition of the fund, and perhaps the relation of the court to the fund, is peculiar. But it seems to me that until in some appropriate proceeding, either at law or in equity, the question between the parties is determined, this court can make no order disposing of money now held for the defendant's security.

Whether that determination shall be had in this court; whether the disposition of the money has not, by its payment to the clerk, been so submitted to its jurisdiction that such a determination may be had here, on grounds which were wholly inapplicable to the suit which was brought by the plaintiff; whether the defendant should proceed at law to establish their right to rent or fees, according to the terms of the license, and then apply in a summary form for the order which would give effect to the deposit as a security for their payment; whether such an adjudication in any court of competent jurisdiction would not warrant such summary application; and whether equitable lien, which, in my opinion, the defendant has acquired, may be executed by a suit in the nature of a foreclosure of any right or equity of the plaintiff, are questions upon which we are not here called upon to express an opinion.

There is no doubt that, on the determination of the question in dispute, this court has power and jurisdiction to give effect to the deposit of the money as a security, and apply it as the rights of the parties may then require.

The motion should be denied.

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97 And, upon March sixteenth, A. D. 1872, it was ordered by the supreme judicial court for the Commonwealth, by its rescript, as follows:

COMMONWEALTH OF MASSACHUSETTS:

Supreme judicial court for the Commonwealth, at Boston. January term, 1872.

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|---|---|
| IN THE CASE OF FLORENCE SEWING-MACHINE COMPANY *vs.* GROVER & BAKER SEWING-MACHINE COMPANY. | Pending in the supreme judicial court for the county of Suffolk. |

Ordered that the clerk of said court in said county make the following entry under said case in the docket of said court, viz:

Defendant adjudged guilty of contempt.

Motion to modify injunction overruled.

By the court.

GEO. C. WILDE, *Clerk.*

MARCH 16, 1872.

98 *Brief statement of the grounds and reasons of the decision.*

"The injunction granted upon the filing of this bill prohibited the defendant corporation, its confederates, servants, agents, attorneys, and counsellors from attempting to collect license fees or patent rent from the plaintiff corporation, under the license to the latter from the defendant The Singer Sewing-Machine Company, and The Wheeler & Wilson Manufacturing Company. It has already been decided that a suit may be maintained against this defendant alone. The defendant corporation being established in the same State as the plaintiff corporation, was not and could not have been made a party to the suit brought by the plaintiff corporation in the United States court against the Singer Manufacturing Company; and that was one of the grounds on which that court held that suit could not be maintained. The fund deposited by the plaintiff with the clerk of that court, in compliance with its order upon granting an injunction against the defendant in that suit, was of several instalments of the full patent rent reserved to the licensors jointly by their license, and amounted to a pledge or security for the payment thereof. The obtaining of that injunction and payment of that fund into court in the suit of The Singer Manufacturing Company, were no waiver of the injunction obtained from this court against this defendant. The assignment recently made by the respondent of its share in that fund to the Singer Manufacturing Company, was a new step taken by the defendant to attempt to collect such rent for the benefit of itself, as well of its co-licensors, without submitting its rights under the license to the decision of the court in which the fund was reported, and was within the equity and spirit of the injunction from this court and a contempt of its order. The omission of the plaintiff, at the hearing of its former application to this court for process of contempt, to insist upon a petition of the three corporators to the United States court, as a violation of the injunction of this court, does not affect the right to meet the assignment in question as a new and distinct act in violation of that injunction. The motion to modify the injunction, made more than a year after the injunction was granted, and after the case had been brought to issue upon its merits, and without proof of any new or special circumstances, comes too late."

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100 And now, at the April term, A. D. 1872, of said supreme judicial court for the county of Suffolk, it is ordered and decreed by said court as follows:

101 COMMONWEALTH OF MASSACHUSETTS,
*Suffolk, ss:*

Supreme judicial court.

THE FLORENCE SEWING-MACHINE COMPANY
*vs.*
THE GROVER & BAKER SEWING-MACHINE Company. } In equity.

And now it appearing to this court upon proceedings heretofore had in the above-entitled suit that, on the fifth day of January, in the year one thousand eight hundred & seventy, a writ of injunction issued from

this court whereby the said Grover & Baker Sewing-Machine Company were strictly enjoined and commanded to desist & refrain from giving notice to the said Florence Sewing-Machine Company of the option, purpose, or election of said Grover and Baker Sewing-Machine Company to terminate the license given by said Grover & Baker Sewing-Machine Company, and the Wheeler & Wilson Manufacturing Company,
102 and the Singer Manufacturing Company, to the Florence Sewing-Machine Company, dated the twentieth day of February, A. D. 1868, a copy of which license is annexed to the bill of complaint in said suit, and from attempting to collect license fees or patent rent from said Florence Sewing-Machine Company until the further order of said court or some justice thereof; which writ of injunction was, on the same day, duly served upon the said Grover & Baker Sewing-Machine Company. And whereas, upon the complaint and petition of the said Florence Sewing Machine Company, in that behalf filed in this court on the 27th day of January last past, of which the said Grover & Baker Sewing-Machine Company had due notice, & to which it appeared & answered, and upon full hearing of the parties thereto, and due proceedings had in this court, & in the supreme judicial court for the Commonwealth, it has been made to appear that the said Grover & Baker Sewing-Machine Company, in violation and disobedience of the writ of injunction aforesaid, and in contempt of the order and authority of this court, did, without the order of this court, or of any jus-
103 tice thereof, after the service of the said writ of injunction, attempt to collect license fees and patent rent from the said Florence Sewing-Machine Company, by means of an assignment to said Singer Manufacturing Company, and taking therefor an agreement from said Singer Manufacturing Company, a copy of which assignment is annexed to said petition and complaint. And whereas it has been adjudged by this court thereupon that the said Grover & Baker Sewing-Machine Company is guilty of the disobedience and contempt charged in said petition & complaint; and whereas said Grover & Baker Sewing-Machine Company has had due notice of said adjudication, and has appeared & been fully heard before this court concerning the same, and has failed to purge itself of the contempt aforesaid: Now, therefore, and by reason of the premises, it is considered and adjudged by the court that the said Grover & Baker Sewing-Machine Company is in contempt; and it is ordered and adjudged that the said Grover & Baker Sewing-Machine Company shall, within ten days from the date hereof, pay to the clerk of this court the sum of eighty-five thousand
104 dollars, to be held and deposited by the said clerk according to and subject to the order of this court, and to be applied as this court may hereafter order, to secure or indemnify the said Florence Sewing-Machine Company against all loss, damage, inconvenience, or expense caused or occasioned by or through the contempt and disobedience aforesaid, and shall, within the said ten days, pay to the said Florence Sewing-Machine Company its costs and expenses in this behalf wrongfully occasioned, which are hereby taxed and allowed at the sum of fifteen hundred dollars; and upon failure to pay the said sums as aforesaid, that a writ of sequestration shall issue to take and seize, and put into the hands of a receiver appointed by this court, all the estate, real and personal, and all the effects and credits of the said

Grover & Baker Sewing-Machine Company, to be held as security for, and to satisfy all the orders and decrees of, this court in this suit.

By the court.

GEO. C. WILDE, *Clerk.*

APRIL 9, 1872.

(Indorsement on cover:) No. 290. The Grover and Baker Sewing-Machine Company, plaintiff in error, vs. The Florence Sewing-Machine Company. Massachusetts sup. jud'l court. Filed 29th November, 1872.